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Ontario Legislative Assembly. Select Committee
on the New Ontario Hydro Building

Hearings

v. 2

May 31/73 - June 12/73

02/2

LEGISLATURE OF ONTARIO

SELECT COMMITTEE

HYDRO HEADQUARTERS

Thursday, May 31, 1973

APPEARANCES

Committee members:

J.N. Allan
J.E. Bullbrook
I. Deans
M. Gaunt
L.C. Henderson
R.G. Hodgson
W. Hodgson
J.P. MacBeth (Chairman)
W. Newman
J.A. Renwick



Clerk of the committee:

Paul Moore

Committee counsel:

R.E. Shibley, QC

Ontario Hydro counsel:

Pierre Genest

James McCallum

Canada Square Counsel:

Douglas Laidlaw

Chairman, Ontario Hydro:

George E. Gathercole

Commission architect, Ontario Hydro: "

K. H. Candy

List of exhibits introduced during this sitting appears on last page

May 31/73
3.15 to 3.20 pm
DT

The committee met at 3:15 o'clock, p.m., in the members' board room; Mr. J. P. MacBeth in the chair.

Mr. Chairman: We have a quorum. I call the meeting to order and ask Mr. Gathercole to resume his customary seat, reminding him that he has been sworn already. Mr. Gathercole.

Mr. Renwick: Mr. Chairman, before we recommence the examination by Mr. Shibley, I would like to clarify the question of the present intention not to call all of the members of the commission as witnesses. I agree at this time with that decision and I certainly think we should be careful that anyone who is called is going to be able to be relevant to the matter and not repetitious of matters of which we are already apprised.

I am, however, concerned that one of the major reasons for the appointment of this select committee was the allegation with respect to the relationship between the Premier and Mr. Moog, ~~and~~ I am concerned that we be perfectly clear as a committee that we have obtained the kind of information that we need to be able adequately to judge or to come to a conclusion on that issue.

It would, therefore, seem to me that we should regularize the way in which we are going to deal with the recollection of the members of the commission about any question related to the relationship between the Premier and Mr. Moog, ~~and~~ I would make as a suggestion that a somewhat higher degree of formality be introduced into that at this time.

I understand that Mr. Gathercole has spoken with each member of the commission about this precise area and that he has had a response, a verbal or oral response, to his enquiry. It would seem to me that for the committee to discharge its responsibility that perhaps counsel should settle with counsel or the chairman and counsel should settle with Mr. Gathercole the terms of a concise brief letter which Mr. ~~Gathercole~~ Gathercole would despatch to each member of the commission requesting a

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(Mr. Renwick)

written reply from the members of the commission to Mr. Gathercole, which Mr. Gathercole could then make available to the committee in order to make ~~xxx~~ certain that the record shows very clearly a communication from each member of the commission to us, ~~xxx~~ Then, on the basis of those replies, an informed decision could be made as to whether or not it would be necessary to call any ~~xxx~~ one or more of them.

It would be my hope, on the basis of the information which Mr. Gathercole has already given of his conversations with them, that that would not be necessary, but I would suggest that minor degree of formality in order that the record would be clear and that we would be clear in our own minds about the basis on which we have to come to some conclusion on this area of the problem.

We are certainly flooded with documentation on the actual nature of the transaction and we will be flooded with that part of it, but the other aspect of it which certainly loomed large in the mind, I think, of the Premier at the time he made the appointment would indicate that some such procedure should be followed, and I would suggest that for your consideration either now or at a later time, Mr. Chairman.

~~Mr. Chairman - It sounds like a reasonable suggestion. As you say, this is one of the main reasons.....~~

(H-194 to follow)

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fvk~~(Mr. Chairman)~~

~~Chairman~~: It sounds like a reasonable suggestion. As you say, this is one of the main reasons ^{for} ~~we are~~ having the committee appointed in the first place and we're having all sorts of documentation in regard to the contract and, perhaps, ~~not~~ skipping over this ~~not~~ rather informally.

Have you any comments, Mr. Shibley?

Mr. Shibley: I want to assure all members of the committee that I don't intend to skip over anything.

Mr. Chairman: I used those words, Mr. Renwick didn't.

Mr. Shibley: Just to give you the modus operandi that I have intended to follow, ^{what} I have attempted to do while this witness is in the witness box and, even to the extent that he himself does not have knowledge or any information referable to certain documentation, ^{is} ~~as~~ to present to the committee, in ¹ chronological order, as complete an outline as is possible, to give you a sense of what was taking place within Hydro itself from the lowest echelon right up to the commission members themselves.

I, myself, am delighted to think that after today the flood of documentation will be reduced to a trickle, there being th ~~over~~ documents from other sources not so nearly, and overwhelmingly involved, as the various departments of Hydro.

We will then return to the matter of oral testimony of everyone and anyone who may shed light on any of the issues as they have been defined.

Now, with ~~a~~ respect to who would be witnesses, I haven't closed my ~~mind~~ mind to anyone, including all members of the commission, being called as witnesses, should it develop that, let us say, there is a conflict of evidence evolve as between what Mr. Gathercole has stated and what Mr. Seguin states. Mr. Seguin will be called as a witness for certain matters and, while he's in that witness box I intended to take the opportunity to examine him across the board while we had another commissioner here.

Col. Kennedy has tabled a letter. I am still debating inwardly whether that letter requires some follow-up and that he

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(Mr. Shibley)

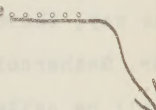
might be called as a witness.

Your suggestion, frankly, appeals to me. I have already asked those people who have been identified as persons who will be witnesses to provide me with a statement of their evidence, either in writing or to come forward and discuss their testimony with me. I have already received a large number of these and I think the suggestion that a similar approach be taken vis-à-vis each of the members of the commission, is a very useful suggestion. What I would do^{now} and I would like your thoughts on this^{is} what I would do is to send to them a statement of the issues as we defined them before this committee or, perhaps, more elaborately, to give them that portion of Hansard wherein those issues were defined and elaborated upon by me as to what I considered to be relevant, and to ask each of the commissioners to submit, in writing, a statement of their knowledge or information in their possession as to the matters outlined in that part of Hansard, which I think each of you remember, and work from there.

Now, ~~is~~ does that meet with what you are intending?

Mr. Renwick: I think that would be quite acceptable.

My basic concern hinges ~~sim~~ simply on the fact that the ultimate decision-making authority was the commission and the commission is the body which, if there is any adverse criticism, must bear their share of such criticism as the result of this hearing. I was just struck by the fact that we were being somewhat casual in the very area which is the most difficult, namely, the area in which there is, first of all, not going to be documentation likely. And secondly, ~~the~~ in which the rule that people do not generally ~~give~~ give evidence against their interests freely, would be.



(Tape H 195 follows)

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(Mr. Renwick^{CK})

... ~~... feeling would be~~ called into play. Now, if you ~~would~~ would prefer to proceed along the way that you, as counsel for the commission, suggest, and deal with each of the commissioners on that ~~basis~~ basis, ~~it~~^{it} would be quite satisfactory to me. I had thought it was somewhat unfair to Mr. Gathercole to have ~~him~~ ^{him} speak to each of the commissioners and then relay to each of the commissioners what ~~the~~^{an individual} commissioner had replied to questions which Mr. Gathercole may have asked him by telephone ~~or~~ⁱⁿ ~~person~~ for those whom he has run into ^{this} anything which would formalize that part of ~~the~~ enquiry, which ~~is~~ is extremely difficult, the part on which we have the documentary evidence, the expert evidence which we are going to receive, the further submissions which ~~are~~^{would help} are going to be made about the nature of the transaction. And, you know, we are going to come to our conclusions about that and we'll feel well informed about it.

¶ The other aspect, the intangible aspect, which ~~is~~ was ~~so~~^{so} essential ~~to~~ to this committee being established, seems to me to be the most difficult part, and I want to make absolutely certain that we don't shy away from it, because we have got to come ~~to~~ to an informed conclusion about that aspect of this committee's hearing.

¶ Mr. Chairman: Thank you, Mr. Renwick.

Please proceed then, Mr. Shibley.

¶ Mr. Shibley: Mr. Chairman and members of the committee, I'd like to attempt this afternoon to complete while this witness is before us, ~~the~~^{the} documentation ~~which~~^{came} came from Hydro ~~and~~^{and} from which I compiled a brief.

¶ The next document is exhibit no. -- let's see.

¶ Mr. Gaunt: ^{It's} 97.

¶ Mr. Shibley: Thank you, 97.

(This is a memorandum to the commission dated October 25, 1972, and you'll note that in paragraph three, it ~~states~~^{states} that negotiations have now been completed between Canada Square and

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(Mr. Shibley)

the commission."

Q On page 2, paragraph 7, reference is made to "rent reductions per square foot in the event the value of the building is less than \$34 per square foot."

A That was negotiated, and there is little more in there that I want to reference at this time.

Q The next document is a document of October 26, 1972, titled "Advice of Commission Decision". This reference to the attendance of Mr. McCallum and the commission architect ~~to~~ explained agreement. ~~with~~ ^{The} reference is about midway in that first paragraph: "Negotiations have been actively conducted with the objective of obtaining concurrence in all outstanding items of the contract. ^{However,} several matters discussed this morning, especially provision for a commission ~~participation~~ participation in net income received by the contractor in his rental of commercial ^{areas} of the building, require further consideration."

Q Then the next document,


Q Mr. Chairman: That last was 98; this one will be 99, you are coming to.

Q Mr. Shibley: Yes. The next document is a letter on the letterhead of "Harries, Hauser, Brown and McCallum", dated October 30, 1972, ~~reporting~~ upon certain renegotiations with Canada Square, as follows:

"(a) Regarding the ~~proposed~~ ^{revised} area, ~~by~~ whereby Hydro pays in respect thereto an annual rent of \$25,000 and ^{the} ~~a~~ balance for the account of Canada Square.

(b) Canada Square agrees to compromise respecting commercial areas, whereby they would ~~pay an additional \$47,000~~

(Tape H-196 - 1 follows)



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M F

H- 196 # 1

(Mr. Shibley)

~~compromise respecting commercial areas whereby they would~~
pay an additional \$40,000 per year".

and skipping over to page 2 paragraph (c);

"With respect ^(f) Canada Square's request to be relieved of any obligation to repair in respect to reasonable wear and tear on the demised premises, we have not been able to change the position as outlined to you in our last letter. Mr. Candy and I have thoroughly canvassed the whole of the situation with Mr. Moog and we are both satisfied, with the proper supervision on the part of Hydro, there is every likelihood there will be no abuse of the position taken by Canada Square.

"Under these circumstances, Mr. Candy and I would recommend it would be reasonable to accept the position taken by Canada Square and exempt them from the obligation to repair in respect to wear and tear provided the premises remain fully functionalx throughout the whole of the termx."?

Then on page 3 at the bottom of the page, under paragraph (f), - the last sentence &

"At Mr. Candy's request, Mr. Moog has consented to enlarge upon this agreementx by adding a clause whereby he would agree that if, at any time, he wished to sell his controlling interest in Canada Square he would give Hydro ^(a) the first right of refusal".

I might tell you that certain of those agreements were made the subject of letter agreements which are part of exhibit 2.

The next document ~~-----~~

Mr. Chairman: I wonder if you can just hold for a minute; we are getting behind in our documentation here.

~~Mr. Chairman:~~ I take it that you all have copies of exhibit 99, which is the letter from Harries - Houser dated the 27th of October?

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Mr. Shibley: The next document is the memorandum to the commission dated November 1, 1973.

Mr. Chairman: That is exhibit 100 and I don't know whether it calls for some kind of celebration or not.

Mr. Deans: ~~Yes~~ Yes, we are one-tenth of the way there!

Mr. Chairman: Mr. Gaunt?

Mr. Gaunt: Mr. Chairman, may I ask Mr. Gathercole, at this point in time, October 27th, were you aware of where Canada Square was going to get its financing, long-term financing?

Mr. Gathercole: We weren't certain where Canada Square were obtaining their long-term financing at that time.

Mr. Gaunt: At this point?

Mr. Gathercole: No, we had been assured that it had temporary financing and that it was capable of receiving the financing required to carry forward the construction of the building on a long-term basis.

Mr. Gaunt: But at this point you didn't know whether it was going to be Canadian or foreign, U.S. or otherwise?

Mr. Gathercole: No.

Mr. Shibley: Dealing with the next exhibit, I just alert the committee to the following: It references that Mr. McCallum was instructed to ~~renegotiate~~ negotiate certain items and the revisions to the agreement are as follows:

"(a) Canada Square would agree to the compromise respecting the recessed area whereby Hydro pays in respect thereto an annual rent of \$25,000 and the balance would be for the account of Canada Square, thus reducing the previous amount by some \$17,000;

"(b) Canada Square would agree to pay an additional \$40,000 per year in respect to the rent for the commercial premises on the ground floor and would adhere to the arrangement which they previously made as it pertains to the participation

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(Mr. Shibley)

in rents in the commercial areas, i.e. Canada Square has agreed to pay to Ontario Hydro 50 per cent of all rents received by it for that space in excess of six dollars per foot per year."

Skipping down to (c);

"(c) As to the request respecting reasonable wear and tear we have not been able to change the ⁽²⁵⁾positions outlined to you in the letter of October 25th, 1972." and It goes on to say "you will have to accept the decision taken by Canada Square and exempt them from the obligation to ⁽²⁵⁾repair in respect to wear and tear provided the premises remain fully functional."

Then skipping to page 3, the last paragraph:-

"Two letter agreements both dated October ^{18th 1972} ~~1971~~ have been submitted by Mr. Moog, the first providing that during the course of the construction he cannot sell or dispose of any shares or other securities held by him in Canada Square without the prior ^{written} ~~written~~ consent of Hydro.

The second, that if during the term of the

Tape n - 197 follows

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C.B.

Mr. Shibley

without the prior written consent of Hydro. The second, that if during the term of the ground lease Canada Square wishes to sell or dispose of the whole or any part of the head office building project, it would give to Hydro the right of first refusal of the purchase subject to four minor exemptions, and so on.

Then the next document is ~~an~~^{an} advice of Commission Decision dated November 1, 1972, prepared by the secretary. This explains the substance of three letter agreements and is more or less the same as I've already covered in earlier exhibits. I don't intend to go into it with you. Basically, the first letter agreement ~~is~~^{is} referable to the method of computing the basic rent; the second being a letter agreement respecting the ~~reduction~~^{reduction} of rent if the appraised value is less than \$44,400; the third having to do with escalation to be charged tenants of excluded premises based on increases in realty taxes. I say, I don't think I need go into that any further.

Mr. Chairman: But you are putting it forward as an exhibit?

Mr. Shibley: Oh yes.

Mr. Chairman: Exhibit 101. Mr. Bullbrook we are up to exhibit 101.

Mr. Shibley: I might tell the members of the committee that exhibit 101 has ~~the next two~~^{covered to it} of the letter agreements that are referred and should, in that indirect way, make certain that your exhibits are complete so far as the agreement is concerned.

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Mr. Chairman: Are these the ones that were not necessarily in the back of the ~~case~~

Mr. Shibley: Exhibit 2.

Mr. Chairman: Exhibit 2?

Mr. Shibley: That is correct.

Mr. Chairman: So that if you've got this, you've got ~~those~~ ^{point}?

Mr. Shibley: Yes, right.

Mr. Gaunt: Mr. Chairman, one final ^{point} or not a final one, but just a matter of ~~clarification~~ clarification. The agreement finally ~~signed~~ ^{signed} was dated October 18, as ~~are~~ the letters supplement to it. Now I gather from these documents that negotiations were still going on. Is that so?

Mr. Genest: They were dated ~~on~~ October 18, but not actually signed until November.

Gathercole:

Mr. Gaunt: They were not signed until November 1.

Mr. Shibley: Well, in that connection, Mr. Gathercole, ^{be} the next exhibit is a memorandum which seems to be an excerpt of a minute of commission meetings dated November 6, 1972, which will Exhibit 102. You will notice that the second paragraph, under "New Head Office Building", "Mr. Nastich, in particular, as well as other members of the committee, stressed the importance of reviewing the agreement with the corporation in its entirety.

"Mr. Sissons agreed this was essential and stressed that each detail in the negotiations of sundry compromises with the corporation should be appropriately and completely documented. In this regard, the commission is largely dependent on the competence and authority of Mr. Candy and Mr. McCallum."

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C.B.Mr. Shibley

Have you some comment to make respecting the chronology of the events so far as the execution of the agreements are concerned?

Mr. Gathercole: Mr. Chairman, this had been explained before during the discussions in the committee and it has been a point which had been emphasized by various people including Mr. McCallum, and this is simply recording the discussions which had been held during those ~~meetings~~ commission meetings.

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M.T.

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Mr. Shibley: The next exhibit —

Mr. Renwick: Mr. Chairman, just before we leave that, I take it from Mr. Genest's interjection that the agreement ~~with~~ was consummated by actual execution and delivery of all of the documents on the first day of November, so that for practical purposes there was little to be gained by the commission going through in detail the documents at that point. Would that be correct?

Mr. Gathercole: Well, it was a matter of reviewing the terms of the agreement with a view to having knowledge by these particular people of the conditions of the agreement and how they might be best turned to Hydro's advantage. In other words, our people should be looking at it from the standpoint of the agreement, whether things in it ~~which~~ needed further definition, and so on. And from that point of view, we would be in a better position to explain the agreement later on.

Mr. Genest: Mr. Chairman, I should point out perhaps there is some confusion, this is not a minutes of the Commission, it is the minutes of a general manager's meeting.

Mr. Shibley: Thank you. The next document is —

Mr. Gaunt: Mr. Chairman, excuse me, but as a non-legal member I must say I have some difficulty in sorting that out. Now the agreement was signed on October 18 and yet there still —

Mr. Gathercole: No, November 1.

Mr. Gaunt: — were items before negotiation open until November 1. Now what legal basis, then, does the agreement of October 18 have?

Mr. Shibley: Mr. Gaunt, I think in fairness to this witness we might put this type of question to Mr. McCallum who will be called.

Mr. Gathercole: The agreement was signed November 1.

Mr. Shibley: I intend to get into this with Mr. McCallum

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(Mr. Shibley)

in detail and he will take us through the steps leading to the making and signing of the agreement and the rationale for predating certain documents to October 18, because that obviously took place.

Q Mr. Chairman: Does that satisfy you for the time being, Mr. Gaunt?

A Mr. Shibley: The next document is a memorandum from Mr. Lamb to Mr. Candy dated November 6, 1972.

Q Mr. Chairman: That's 103.

A Mr. Shibley: This document sets forth the formulae for the computation of monthly rental. We will be dealing with that later; I just want the document tabled at this time to indicate that it was a matter for review and discussion within Hydro as at November 6, 1972.

The next document is one dated November 7, 1972, and is a memorandum referable to the comments of the City of Toronto Building and Development Committee which reviewed the proposal for the new head office building. I might tell the members of the committee, the underlining on this memorandum is not mine. In this connection, it might be appropriate to note that plans were submitted to the Building and Development Committee for approval on November 6 and because there has been some mention made of the quality of this building and its character, it may be notable that Alderman Lampert noted that Hydro had intended going ahead with a new building in 1968, ^{but then} had deferred its construction. ^{and} They want to go ahead with it now, ^{and} we should give approval here and now. It is a good design, not like these boxes that are going up all over the city. I think it's an inspirational and distinctive plan. A lot of work has gone into this planning and I support that it go to council."

That's a quote. "Alderman Sewell said he would like to hear the comments of the city planner. Planner Dennis Barker said ~~that~~ he thought it was immeasurably superior to the design

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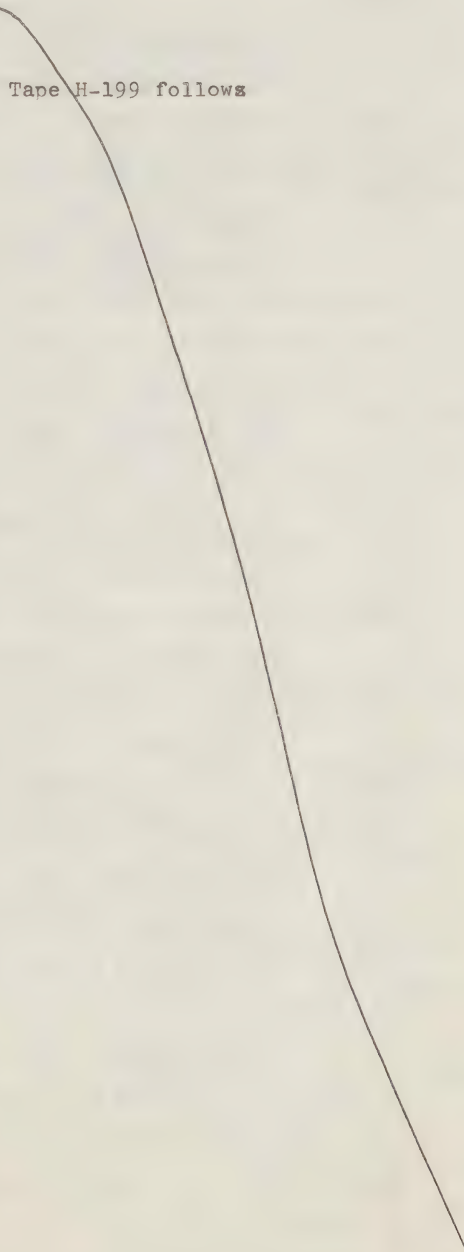
H-198-3

(Mr. Shibley)

of the original building in 1968 and the degree of open space
would enhance the area.?)

I don't think there is much worth going into in terms
of the balance of that

Tape H-199 follows



H-199 - 1

(Mr. Shibley)

...I don't think there is much worth going into in terms
of ~~balance of that~~ document. It did receive city approval.

The next document is a memorandum ...

Mr. Bullbrook: May I make a comment, Mr. Shibley,
sorry.

Mr. Shibley: Yes.

Mr. Bullbrook: Perhaps it's just my being away
that is causing me trouble. I find that I've just got
exhibit 104 now, and you have been reading from it.

Mr. Shibley: Yes.

Mr. Bullbrook: May I ~~am~~ suggest to ~~h~~ you that --
I realize it's difficult for you and it holds you up, but it
~~is~~ is very difficult to follow ...

Mr. Shibley: Right.

Mr. Bullbrook: ~~You~~^I've just got 103 and I was looking
at it, and you were reading from 104.

Mr. Shibley: I'm sorry. I ~~didn't know~~^{know} that

Mr. Bullbrook: No, it's not your fault; it's just
that I want you to know that I find it very difficult to follow.

Mr. Shibley: I appreciate your advice to me, Mr.
Bullbrook, and I'll slow ~~h~~ down.

At the moment I'm trying to get in documents as
quickly as I can. I'm giving you what I consider to be the
highlights of these documents.

Mr. Bullbrook: Yes.

Mr. Shibley: YOU are not going to be able to read
them in their totality at this time, if I am going to proceed
as I have.

Mr. Bullbrook: Yes, and I don't want to hold you
up unduly ~~on~~ or waste the committee's time. My problem is,
I was just delivered 103 and was looking it and you were reading
~~from~~ from 104, so I couldn't even follow what you were saying
in connection with 104.

Mr. Shibley: Oh, thank you.

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R.E.S.

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Mr. Chairman: ~~What~~ ^{who} You're the only member of the committee ~~that~~ ^{has} that trouble, Mr. Bullbrook. The rest of us can listen to what he's saying and read another document at the same time.

Mr. Bullbrook: Not everybody is listening.

Mr. Renwick: Oh, no ...

Mr. Deans: That's not entirely true; we're not all gifted that way, John.

Mr. Chairman: No, well, I asked Mr. Shibley to slow ~~it~~ ^{MORE FOR AND ONE WOULD} down a little earlier, ~~what~~ ^{SAKE THEN FOR} /Mr. Bell's ~~think when~~ ^{THE SAKE OF} the committee members ~~are listening~~ ^{??}. But, we are now on exhibit 105; ~~it~~ has it been distributed?

Mr. Walker: NO.

Mr. Deans: NO. Well, 105 ..

Mr. Walker: You not only have that ability, you have the ability to read the one ahead of you.

Mr. Chairman: Are you through with 104?

Mr. Shibley: Do you need anything more on 104?

Mr. Bullbrook: No.

Mr. Shibley: All right.

Mr. Renwick: ~~It will be~~ ^{GOOD} It's a lot of training for you, Mr. Chairman, when you are the Metro Chairman.

Mr. ~~Chairman~~ Chairman: Yes, ~~someone~~ ^{dy} somebody will need some good training ^{FORTHAT JOB. (2) down.} ~~to write~~ ^{NEWS}

Mr. Shibley: If I may then take you to a memo of a commission meeting, November 8 ...

Mr. Bullbrook: One of the problems, Mr. Shibley, is that I'm the last one to get the exhibits. It's really inequity and injustice. You should reverse it once.

Mr. Shibley: Are you trying to tell us all something?

Mr. Deans: Why don't you sit up closer to the front?

Mr. Shibley: Okay, this is a memorandum of a commission meeting: "In conversation dealing with building, the question was raised ~~for~~ ^{by} Mr. Nastich as to ^{the} valid reasons ^t that could be listed which influenced the commission in ^{adopting} ~~expressing~~ this

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(Mr. Shibley)

method ~~of~~^{of} obtaining ~~the~~ a new head office building. Mr. Nastich outlined various points which ~~would~~ would require strong rebuttal and a firm statement on the advantages ~~of~~ obtained by dealing with Canada ~~1~~ Square Corporation for a negotiated contract, rather than the commission undertaking the project itself or involving tenders from ~~competent~~ competent contractors to build ~~a~~^{the} structure."

Now, Mr. Gathercole, I don't want to leave this memorandum without your own observations as to what went on at that particular meeting to give rise to this minute.

Mr. Gathercole: This is a notation made by the secretary for his own files which wasn't distributed, but my ^{INTERPRETATION} ~~dictation~~ of his note is that he was describing the ~~conversation~~^{CONVERSATION} and discussion which took place at that time because the subject of Ontario Hydro ~~is~~ erecting a building had become an ~~issue~~^{ISSUE}; ~~that~~ the Leader of the Opposition had raised the question in the Legislature and it was receiving, even at that time, a considerable amount of attention in the press as to whether Ontario Hydro should proceed with the construction of this building. And that ~~the~~ deals with that ~~that~~ that we probably will be required, in order to provide an explanation, and the notation which refers to the discussion that took place at that time.

Mr. Shibley: Mr. Gathercole, ~~the~~ exhibit 105 is an excerpt from the formal minutes of the commission, or is this an excerpt from some other documentation?

Mr. Gathercole: ~~No, this is a~~

(Tape H-200 - 1 follows)

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(Mr. Shibley)

~~this excerpted from some other documentation?~~

Mr. Gathercole: No, this is a note prepared by the secretary for his own files. It is not part of the minutes.

Mr. Shibley: You say this document was prepared by Mr. Easson?

Mr. Gathercole: Yes.

Mr. Shibley: All right. Then I'd like to present to you a second document referable to the same meeting dated November 8, 1972.

Mr. Chairman: No. 106.

Mr. Bullbrook: May I ask you, Mr. Shibley, whether your continued line of questioning will deal with the response that Mr. Gathercole gave, ~~?~~?

Mr. Shibley: Yes, it will. I just wanted to tie down the author of the first memorandum and compare its content with the content of a second memorandum which is now to be made exhibit 106.

I ask you to read that memorandum, Mr. Gathercole. I take it, first, that it relates to the same commission meeting of November 1 to which the earlier memorandum made reference? Is that correct?

Mr. Gathercole: Yes

Mr. Shibley: And it says:

"At the commission meeting of November 1, 1972 approval had been given to execute the agreement with Canada Square. For the information of the commissioners the chairman reviewed briefly the points that had been discussed at meetings of October 26 and November 1 that needed further clarification and rewording, Mr. Gathercole stating that on these points satisfactory arrangements or rewording had been made and would form part of the agreement, and/or the letter agreements accompanying the main agreement. In the conversation dealing with the building the question was raised by Mr. Nastich as to the valid reasons that could be listed, which influenced the commission in adopting this method of obtaining a new head office building. Mr. Nastich outlined various points

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(Mr. Shibley)

which would require strong rebuttal and a firm statement on the advantages obtained by dealing with Canada Square Corporation for a negotiated contract rather than the commission undertaking the project itself, or inviting tenders from competent contractors to build a structure.

"It was recognized that the same results might have been obtained by these methods, for the present manner of proceeding with the head office building does not guarantee that it would be necessarily cheaper or that the commission would obtain a better building."

I ask you to note that portion of this memo in particular. Then it goes on:

"It was agreed that, with these questions in mind, answers would likely be required from time to time. In any event, it would be advisable for those sections of the property, engineering and financial divisions concerned to prepare a detailed statement on why the commission has proceeded in this manner for the head office building."

Now, first, Mr. Gathercole, who prepared this memorandum?

Mr. Gathercole: That was Mr. Easson, as well.

Mr. Shibley: This is also Mr. Easson?

Mr. Gathercole: Yes.

Mr. Shibley: And what would be the significance of a memorandum for file? I would like some explanation from you as to why he would compile two memoranda referable to the same meeting. Where would these memoranda ~~be~~ ?

Mr. Gathercole: Covering much the same subject.

Mr. Shibley: That's right.

Mr. Gathercole: Raising the same questions, covering the same subject.

Mr. Shibley: The second one is somewhat of an enlargement in a relatively material way upon the first.

Mr. Gathercole: Yes.

Mr. Shibley: And I would like to know where these memoranda ~~are~~ are delivered to? Let's take first, exhibit 105,

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(Mr. Shibley)

Where does it go to?

Mr. Gathercole: Mr. Easson, as a rule, doesn't take notes during the meeting, but following the meeting he may, on the basis of his conversations with some of the members, make up a notation. And I think these two memoranda form part of his recollection of what transpired at the meeting, perhaps influenced by his later discussion with the persons involved.

Mr. Shibley: Mr. Gathercole, I notice exhibit 105 has the numeral 7 in front of the passage, and the passage itself is in quotations. Now is that an excerpt from ^{some} larger documentation of what transpired at that meeting?

Mr. Renwick: It's just lifted right out.

Mr. Shibley: No it isn't. *mu*

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Chairman: Mr. MacBeth

Mr. Gathercole: I am not able to answer that, Mr. Shibley, I don't know the purposes of the quotation marks. I have never seen these; other than in the last day or so I have never seen these notations.

Mr. Genest: Mr. Shibley, perhaps I can assist.

Mr. Shibley: Thank you.

Mr. Genest: I am instructed that Mr. Easson, when he draws the minutes and perhaps we will have to ~~have~~ --with the permission of the committee-- we will have to ask Mr. Easson in the witness box. Mr. Easson draws the minutes which generally contain a very short description of the disposition of ~~the~~ ^{it} ~~the~~ ^a particular item on the agenda. Then he has a file of commission matters dealt with, which often require him to inform people in the organization. He dictates file memoranda of varying length according to ^(his judgement of) what the person to whom the memorandum may go needs to know. I have no idea as of ~~now~~ ^{now} why there are two memoranda on this subject on the same date, but I will try and find out when the hearing today adjourns and inform the committee.

Mr. Shibley: Thank you. Now Mr. Gathercole, returning to exhibit 106, I take it that there was some discussion at a meeting of November 8 - I am talking about a meeting of the commission on November 8 - that the same results might have been obtained by these methods, that is to say by the method of a negotiated contract. I am sorry, by inviting tenders from competent contractors. ⁶⁶ For the present manner of proceeding with the head office building ~~should~~ ^{does} not guarantee that it would be necessarily cheaper & or that the Commission would obtain a better building. 99

I want to know what was said and by whom at that Commission meeting referable to the cost of the building and the quality of the building as it related to proceeding on a

Mr. Shibley

lease-purchase, as opposed to building your own building.

Mr. Gathercole: Mr. Chairman, there was general discussion about this subject, and Mr. Nastich mentioned some of the various alternatives.

On the other hand, the conclusion was that we had reached an agreement on terms that were very favourable, and that we would be proceeding on that basis.

Now this statement, to some extent, gives recognition to the fact that the matter of Hydro proceeding in this manner, of negotiating an arrangement with Canada Square and of proceeding with the lease-purchase arrangement, would become a public issue and, therefore, that we ought to be prepared in order to explain and outline the reasons for entering into that agreement.

Mr. Shibley: Well, did the members of the Commission recognize, as early as November 8, 1972, that the lease-purchase method of proceeding would not necessarily provide a cheaper or a better building?

Mr. Gathercole: That is a very confusing sentence. I find it very difficult to know what it actually does mean.

Mr. Shibley: Maybe we will have to call Mr. Easson as a witness.

Mr. Bullbrook: There is another adjective that might apply to it too, besides "confusing."

Mr. Gathercole: Pardon?

Mr. Bullbrook: Besides "confusing."

Mr. Gathercole: But there is no question about it, that the decision had been made well before this to proceed with the lease-purchase arrangement.

Mr. Shibley: ^{Then} ~~Then~~, I gather ~~-----~~

Mr. Deans: May I - I am sorry - proceed.

Mr. Bullbrook: I wanted to ask some questions also.

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MR. Chairman: In regard to this exhibit?

Mr. Deans: Yes.

Mr. Bullbrook: And to 105.

~~Mr. Deans: I just simply want to ask, during ~~the~~ this~~
~~period~~-----

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Mr. Deans:

I just simply want to ask ^{whether} during this period in early November ~~was~~ Mr. Nastich still raising the questions in regard to the validity of the method that had been decided upon.

Mr. Gathercole: I think he was saying this, Mr. Deans, "that in proceeding along this course we may face some criticism and, therefore, we should be in a position to explain the agreement that we were reaching."

Mr. Deans: Well, it seems, through much of the evidence that we have to date, that ~~Mr.~~ Nastich had some reservations about this method of proceeding. He may not have opposed it, but he certainly appeared to have some questions in his mind about whether or not it was the best way. And even at this point, after the contract had been signed, the same questions, pretty well, were being asked by Mr. Nastich, who has a position of some status in the organization.

Mr. Gathercole: Beyond any question.

Mr. Deans: Right. And it raises a question with me, Mr. Gathercole, ^{Why} would Mr. Nastich, ^{at} this point, still have doubts about the building if you had agreed to proceed?

Mr. Gathercole: I don't ~~he~~ think he had doubts about it, or about the method that was being employed. What he was doing was, you know, saying, "Well, let's be absolutely sure."

Mr. Deans: But that indicates that he has some doubts. If he wants to be absolutely sure it means he's not absolutely sure; and ~~if~~ if he's not absolutely sure then that indicates ~~that~~ he has some doubts.

Mr. Gathercole: Well, I think what he was saying was that in going this route there may be some questions ^{raised} and we recognized that.

Mr. Deans: Yes, but he said earlier -- I mean he referred to almost the same questions in earlier documentation.

Mr. Gathercole: That's right.

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Q Mr. Deans: And he personally raised them.

Q Mr. Gathercole: Yes, that's right.

Q Mr. Deans: So that he obviously hadn't been sold on the proposal, or he wouldn't have continued to raise the same question^s.

Q Mr. Gathercole: Well, let me put it this way ~~that~~ ~~he~~ had some reservations. I ~~don't~~ don't think there's any question ~~that~~ that he had some reservations about it from the standpoint of, I suppose ---

Q Mr. Deans: Primarily finance.

Q Mr. Gathercole: --- financing, but also from the standpoint of being able to explain it.

Q Mr. Deans: But he was concerned primarily about the finance, even in his earlier discussions.

Q Mr. Gathercole: He was raising questions about it, yes.

Q Mr. Deans: Primarily finance.

Q Mr. Gathercole: Yes, quite properly he was raising questions and saying, you know, are we going the right track, are we going the right route? Besides, after all, he's the financial man in our organization. On the other hand, the decision had been made a long time ago that we weren't going to be able to go and wouldn't be going the route of raising the money through the conventional money sources. That decision had been made. Now, ~~if~~ he has still, you know, got a ~~large~~ lingering thought in his mind which he is constantly thrusting at us, well, is this something we ---

Q Mr. Deans: Are you sure? What he is saying is, ⁶⁶Are you sure?"

Q Mr. Gathercole: Yes.

Q Mr. Deans: Let me just, in relation ~~to~~ to that, I recall in a previous document, that I can't just finger at the moment, a statement saying that, after consultation with the finance department, among others, ~~that~~ they were recommending

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this process, this method of proceeding.

Q Mr. Gathercole: Right.

Q Mr. Deans: Right. That was some time previous

Q Mr. Gathercole: Yes.

Q Mr. Deans: I can't recall just when.

~~Was there any serious objection~~
from the finance department?

Q Mr. Gathercole: To the lease-purchase arrangement?

Q Mr. Deans: To the financial method of proceeding with the development?

Q Mr. Gathercole: They didn't object to it, no. As a matter of fact, they had been analysing it and recommending it throughout.

Q Mr. Deans: And ^{they} ~~then~~ felt when we got to November 9 or November 8 that it was still necessary to find a way to justify it?

Q Mr. Gathercole: I wouldn't put it that way. It was to find a method

Q Mr. Deans: Of explaining it.

Q Mr. Gathercole: ~~to~~ to explain it. Because we recognized we were departing from an open tender approach. And, therefore, even at that I repeat myself, I know, by saying that even if you have open tenders you're not always going to avoid arriving at an evaluation of who should get it, which isn't necessarily going to be the lowest bidder. But in choosing a complex package of this nature, there's a great deal of negotiation involved in it. And Mr. Nastich ^{is} saying, well, we're going this route, it's a new one to us and, therefore, we may be required to explain.

Q Mr. Deans: Yes, he had said so previously.

~~Mr. Bullbrook: I want to make it amply clear before I begin my questioning.~~

my
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~~Deane~~
(Mr. Bullbrook)

~~had said so previously. Nobody~~

Q Mr. Bullbrook: I want to make it amply clear before I begin my ~~question~~ questioning of him. I don't want from this witness what he thought Mr. Nastich thought. We will have to ~~ask~~ ask Mr. Nastich that.

I want to know from Mr. Gathercole, as chairman of the commission, being privy at least to exhibit 105, for the dealings that laid the foundation for that memorandum, what his ~~own~~ thoughts are in connection with the following.

Now, you told us that there was public ~~comment~~ ^{comment, 2nd conference} conference. You used the phrase that the Leader of the Opposition in the Legislature had discussed this whole question of the building of the Hydro building.

Q Mr. Gathercole: Had raised the question.

Q Mr. Bullbrook: "Raised" the question. Now, my recollection of the raising of the question by the Leader of the Opposition, ~~was~~ was the question of whether the building should be situated there, Mr. Gathercole.

Q Mr. Gathercole: That's true, ~~that~~ yes, ~~that~~

Q Mr. Bullbrook: Right. I don't think ...

Q Mr. Gathercole: And whether Hydro should ~~proceed~~ proceed with it.

Q Mr. Bullbrook: Well, now, help me here. I don't recall the Leader of the Opposition discussing the question of whether the Hydro should proceed with the building.

Q Mr. Gathercole: My recollection is there was a report of some remarks he had made ~~was~~ respecting developers ~~that~~ undertaking projects of this kind.

Q Mr. Bullbrook: ~~That's all~~ I see. Well, all right, now, I want ...

Q Mr. Genest: Mr. Bullbrook, may I ~~ask~~ ^{ask} assist?

Q Mr. Bullbrook: Yes, surely.

Q Mr. Genest: I have clippings from the ^{the} Toronto Sun, for instance on the 1st of September. The headline is:

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(Mr. Genest)

Government Study Slams
"Secret ~~Study~~ *being planned*, Hydro Bureauocracy, Nixon" ~~and reports criticism~~ and ~~it~~ reports criticism of the Leader of the Opposition to this effect, that "Nixon ~~said~~ said Hydro has 5,000 head office employees, and it doesn't need a head office in the most costly part of Toronto, ~~Nixon~~ Nixon said the government should not permit it to go ahead with the building before the public has had a chance to see a report on its activities and the long-running strike on the part of the employees *remains unsettled*." ~~has been settled~~."

On ~~the~~ November 6, just before the exhibit here, *there was an* the question of the editorial in the Globe and Mail entitled, "The Economics of Hydro", and it was ~~a~~ *their lead for that day* ~~an~~ editorial where he criticized the plans for Hydro with the reporters, and my submission ~~that~~ is really that these exhibits *we need* in the light of comments ~~expressed~~ *expressed* at that time.

There is another article in the ~~The~~ Toronto Star of November 14, quoting Mr. ~~and~~ *and Nixon again* ~~McGee~~ on the various criticisms of Hydro.

Q Mr. Bullbrook: Well, ~~are~~ are you going to tell us what the various criticisms are?

Q Mr. Genest: Well, ~~that~~

Q Mr. Bullbrook: It has a lot to do with ...

Q Mr. ~~Genest~~ Genest: I have given them to Mr. Shibley and they are ~~available~~ available to you.

Q Mr. Bullbrook: All right, well, Mr. Genest, I appreciate your ...

Q Mr. Genest: I am not trying to rush you.

Q Mr. Bullbrook: No, no, I realize that, and that's your function and responsibility, and I respect it, But I want to put this, if I may, Mr. Gathercole, The main thrust of the continuing critique by the Leader of the Opposition was the ~~as~~ question of the location of the building there. Don't you agree with that?

Q Mr. Gathercole: Yes, I think it was.

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Q Mr. Bullbrook: ~~Was~~ It was, right. Mr. Nixon questioned whether we needed another ~~building~~ building at College and University ^{City}.

Q Mr. Gathercole: ~~He's with~~ He's ^{with} ~~right~~ right /his rights/to do so.

Q Mr. Bullbrook: Right, and I don't take issue with so to his right ~~to~~ do. People put him there to do that. Right.

Q Mr. Gathercole: ^{would have liked} We ~~obliged~~ him to suggest where it should have been put.

Q Mr. Bullbrook: ^{well, I think} ~~Why~~ don't you give him the opportunity of suggesting ~~it~~ where it should be put? If you had liked him to do that, you might have asked him to do that.

Now, I am very concerned about what appears to be the motivation for these memorandums. I want to go into detail in my questioning, not what Mr. Nastic's motivation was, but what you thought ~~his~~ his motivation was. You're the chairman of the commission. I put this to you: There are only three ways that that building was going to be built, premising it was going to be built:

- (1) Hydro was going to build it;
- (2) Hydro ^{were} ~~was~~ going to invite tenders from contractors to build it for them, or
- (3) Hydro were going to entertain proposals for the building.

Those were the only three ways that ~~building~~ building was going to be built. Now, help me if you can think of other ways.

Q Mr. Gathercole: I would say the first, ~~and~~ ^{would} ~~with~~ ruled Hydro building the building, ~~was~~ ^{would} be ~~ruled~~ out. We wouldn't...

Q Mr. Bullbrook: No, I am not asking you whether it be ruled out or not. If you follow my questioning, I am saying that there are only three ways the building is going to be built. Hydro will build it itself, as a general concept; Hydro would invite tenders from general contractors to build it according to ~~specifications of Hydro~~.

(Tape H-204 - 1 follows)

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(Mr. Bullbrook)

~~would invite tenders from general contractors to build it according~~
to specifications, or Hydro would invite a proposal for the purpose of a lease-back arrangement.

Mr. Gathercole: Yes.

Mr. Bullbrook: That's basically it. I am not taking issue with the validity of the choice. What strikes me in these two memoranda^a is the direct and obvious rationale in the memoranda in connection with the dealing with Canada Square Corporation. You see, Mr. Gathercole, had these memoranda referred only to the question of the validity of a lease-back arrangement, as you say was the motivation, I could understand it. But I want to refer you to exhibit 105, and it says:

"Mr. Nastich outlined the various points which would require strong rebuttal and a firm statement on the advantages obtained by dealing with Canada Square Corporation for a negotiated contract rather than the Commission undertaking the project itself or involving tenders from competent contractors to build the structure."

You see, one thing is left out, Mr. Gathercole, and that is the question of proposals for lease-back arrangements from any other corporation. You will notice that. I want you to make comment on that as to what you understood, and the reason for it.

Mr. Gathercole: I think you are reading too much into this as being a precise document. This is a dictated note of the secretary, prepared some time after, and obviously based upon some recollection of the discussions they had had at the meeting, and possibly following that time.

Mr. Bullbrook: Well I don't want to be unfair with you, and if you feel I am I want you to tell me, sir. Okay?

Mr. Gathercole: Well, all I am saying..

Mr. Bullbrook: But if the discussion was as follows:

"That we feel in view of the fact that we are now undertaking a leaseback arrangement, that we might find strong objections to that avenue of approach"

One would have thought had that been the discussion, then the

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(Mr. Bullbrook)

memorandum would have said ^H that we must justify the leaseback approach. ^H

Now it doesn't say that. It says that ^H we have got to justify our dealings with Canada Square Corporation for a negotiated contract. ^H

I want to know what you as the chairman understood from the meeting that you attended November 8 as to the need for a rebuttal in accordance with your words, "because the lease-purchase would become a public issue". Those are your words; "lease-purchase would become a public issue".

Mr. Gathercole: The method of negotiating for the construction of the building had already become something of an issue, and that was the basis of some of the discussion at the commission meeting.

Mr. Bullbrook: I see. All right. So to the best of your recollection in connection with the commission meeting, the discussion in connection with the necessity to provide some type of structure or rationale as to the reasons for foregoing the leaseback route, did not discuss the question directly of a need to justify dealing with Canada Square Corporation?

Mr. Gathercole: No.

Mr. Bullbrook: No, it didn't.

Mr. Gathercole: Certainly not in my view. No.

Mr. Bullbrook: So that the use of the words "Canada Square Corporation" ^H is singularly here in the absence of the use of any discussion of other proposals ^S is just a matter of drafting of the memorandum? ^A

Mr. Gathercole: That's my belief.

Mr. Bullbrook: Right. Okay.

I refer you to exhibit 106. And to refresh your mind, as our counsel has said, it is purely an ^{AMPLIFICATION} application of the understanding in exhibit 105. Is that correct?

Mr. Gathercole: Yes.

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Mr. Bullbrook: And again here there is never any mention of a need to justify the lease-purchase scheme of things, but rather the negotiated contract with Canada Square Corporation.

Mr. Gathercole: Well, we had just completed a contract with Canada Square so it would be the company that would be mentioned.

Mr. Bullbrook: You see I'm going back to your evidence. I want to understand this. And I regard it frankly as a very significant point. Your evidence in essence is this: ~~you are~~ ^{you are} saying, because of public comment, you felt a need at the commission level to justify the lease-purchase route. Is that fair?

Mr. Gathercole: I didn't say 'justify.' I said 'to explain.'

Mr. Bullbrook: To explain?

Mr. Gathercole: Yes. That we were negotiating through a lease-purchase arrangement.

Mr. Bullbrook: Well then the words that Mr. Easson ~~used~~ uses such as "rebuttal" are, in your opinion, too strong for the needs of the commission? You are not rebutting anything?

Mr. Gathercole: No.

Mr. Bullbrook: Merely explaining.

MR. Gathercole: I mean, you know, these are his words, 'they aren't mine.'

Mr. Bullbrook: I realize that. I am purely interested in what you understood at that meeting.

Mr. Gathercole: Yes, right.

Mr. Bullbrook: This obvious was a....

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~~cabinet and what you understood at that meeting~~, because there obviously was a discussion of this, right?

Mr. Gathercole: Yes.

Mr. Bullbrook: Somebody must have said, "Lookit, fellows, "The lease^e-purchase route" — these are your words, sir, under oath, "The lease-purchase route ~~was~~ could become a public issue". Right? Those are your words.

Mr. Gathercole: Yes.

Mr. Bullbrook: I am correct in assuming then it was the lease-purchase route that caused the commission concern?

Mr. Gathercole: I think that is so, yes.

Mr. Bullbrook: Nowhere in either of these two documents do you talk about the need to justify the lease-purchase route, nowhere. Nowhere does Mr. Easson discuss it. He discusses purely the question of ^{the} negotiated contract_^ with the Canada Square Corporation.

Mr. Gathercole: That is true.

Mr. Bullbrook: So, really, these two documents really do not exemplify at least the commission's understanding of the need for — if I can use the word — apologia.

Mr. Gathercole: Well, I wouldn't use that word.

Mr. Bullbrook: All right, I tempered it with the fact that ~~was~~ probably I shouldn't have. Okay? With the need for the rebuttal, let's use his word.

Mr. Gathercole: Well, as I say, these are not my words. You have asked me to give my interpretation ~~from~~ and my recollection of the conversation and discussion that ensued at the meeting and I am giving you my interpretation and you are trying to put me into voicing the words that were used by someone else.

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Mr. Bullbrook: Well, Mr. Chairman, I want you to stop me if I am doing that because I was attempting frankly not to do that. I was attempting directly not to ask Mr. Gathercole what Mr. ~~Mr.~~ Easson meant. I am only asking Mr. Gathercole what he understood to be the discussion which ~~led~~^{led} to the need for the so-called rebuttal. I have done that several times. Okay? If I do otherwise, I want you to stop me because it is not fair of me to ask Mr. Gathercole what Mr. Easson meant.

Mr. Gathercole, I am going to put this to you in closing. From what you have told us, am I not correct in stating that Mr. Easson's memoranda therefor do not represent your understanding of the need for a rationalization of this whole question of dealing with Canada Square?

Mr. Gathercole: Well, the only word I would stumble on would be "rationalization".

Mr. Bullbrook: Do you want to use "rebuttal"?

Mr. Gathercole: No, I said "explanation".

Mr. Bullbrook: An explanation?

Mr. Gathercole: Yes.

Mr. Bullbrook: Right.

Mr. Gathercole: And I agree to that.

Mr. Bullbrook: You are telling us then, sir, that the commission's attitude was that there was a need for explanation of the lease-purchase route, there was no need for any particular explanation of a negotiated contract with Canada Square Corporation?

Mr. Gathercole: The recollection of Canada Square is one that I don't have. Now, you have made a distinction between the two. Certainly ~~the lease-purchase route -~~^{the lease-purchase route -} ~~when we purchased upon~~ I know that you are pressing on that point.

Mr. Bullbrook: I want to be very clear on ~~it~~

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(Mr. Bullbrook)

this point because it is a very important point to me and perhaps others of the commission; I don't know, I can only speak for myself. I want to understand what the commission understood in connection with this explanation, as you call it. As I understand your evidence, it is that the lease-purchase route might become a public issue and you felt the need for an explanation of that. Now, since neither memoranda ^{um} talks about the question of an explanation of the lease-purchase route but purely an explanation of the negotiated contract with Canada Square, would you agree with me that these memoranda do not represent your understanding of the need for an explanation, a rebuttal or a rationale? Would you agree with that?

Mr. Gathercole: They do refer to the need for an explanation and I very much agreed ^{with the need for} ~~that~~ an explanation of the decision that was made by Hydro to choose the purchase route, term purchase route, and the decision that was made by the commission.

Mr. Bullbrook: Mr. Genest wanted ---

Mr. Genest: No.

Mr. Bullbrook: All right.

Henwick:

Mr. ~~Genest~~: Mr. Chairman, I would like to clarify a matter. ~~There is~~

(Tape H-206 follows)

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(Mr. Renwick)

XXXXXX

~~In a letter of the 11th you had "office building", you~~
~~had "office building, Canada Square". I therefore~~ I take it,
and if Mr. Genest had not interjected, I would have taken ~~Exhibit~~
Exhibit 105 was, as Mr. Shibley said, a minute of the commission's
meeting and that something called the memorandum for file,
Exhibit No. 106, was a document ~~which~~ prepared in advance of
Exhibit 105 by Mr. Easson, from which Exhibit 105 was extracted,
because with one or two minor changes in wording, ~~the~~ Exhibit
105 is a complete extract of the centre two sections of Exhibit
106.

Now, I think it is important that we be clear as
to what we are talking about.

Mr. Chairman: Are you prepared to make that
clarification now, Mr. Genest, or do you need further advice?

Mr. Genest: Mr. Chairman, with respect to 105
and 106, ~~let me deal with the question~~ ~~memorial discussions~~ generally. Any item headed
"memorandum for file" is not necessarily an extract from the
minutes. If the secretary ~~was~~ ^{has chosen} to merely ~~quote~~ ^{quote} the
extract from the minutes, the documents that are headed
~~committees~~ ~~"memorandum of submission and decisions"~~ Advice of Commission
Decisions are verbatim extracts ~~from~~ ^{is a} from the minutes. ~~the~~
A document headed "memorandum for file" ~~or~~ ^{is a} memorandum prepared
by the secretary ^{which relate to} would be a discussion held at the meeting, not
necessarily at all reflected in the minutes which he dictates
and puts in his file and sometimes doesn't show to anyone.

Mr. Renwick: Mr. Chairman, I think perhaps I
would ask Mr. Genest not to take up our time right at the moment
on it, but would he compare 105 with 76 and advise me which is
the minute?

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Mr. Chairman: June 29, 1972.

Mr. Genest: June 29, 1972.

Mr. Renwick: Because I just wanted to clarify that perhaps at some point Mr. Genest would specifically tell us whether one or other or neither of Exhibit 105 and 106 is the commission minute and what is Exhibit 76.

Mr. Genest: Rather than take up the time now, why don't I ~~make~~ *make sure* o

Mr. Renwick: Would you please do that?

Mr. Chairman: There is certainly some confusion on the matter and I think it might be wise to go back.

Mr. Genest: There ^{was} ~~is~~ great confusion in my mind as well until I got on to this system of keeping records.

Mr. Chairman: I think it might be wise to check back with Mr. Easson.

Mr. Renwick: Mr. Chairman, I want to ask Mr. Gathercole two or three questions. I hope they are clear and concise. I am speaking now of the period at the latter part of June, 1972, and the beginning of July, 1972, the period of time when the final memorandum to the commission was considered by the commission on June 29 at another date in July, July 12, I believe, ~~and then July 19 when~~

(Tape H-207 follows)



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(Mr. Renwick)

~~the Commission on June 19, another date in the past~~
and then on July 19 when the contract with Canada Square was authorized.

I mentioned yesterday that the submission dated June 23 to the Commission was not signed by Mr. Nastich but was signed by the general manager, the Commission architect, and the assistant general manager for services; that Mr. Nastich expressed what could be called serious reservations about certain aspects of the information set out in the ~~or submission~~ submission to the Commission, which are set out in Exhibit 75. ~~And~~ I make the comment that this was before any public questions were raised of any kind, ~~that~~ to my knowledge, or from the information that we have.

When we come along to the actual period of time when the Commission is engaged in looking at the final documents, which is now the end of October and the beginning of November of 1972, we find for practical purposes that Mr. ~~Nastich~~ Nastich is expressing within the term of the Hydro team, within that framework, as a member of that team, the identical reservations. Now it happens that he has to state them more firmly because now the document is signed and there is public criticism.

~~Now~~ ^{Gathercole} the question I want to ask you, Mr. ~~Chairman~~ as chairman, from your personal knowledge, did Mr. Nastich express to you or to the commission at the meetings in June and July, his dissent from the arrangement or did he express himself as conveying reluctant agreement to go along with the arrangement?

Mr. Gathercole: During the trip that we, Mr. Nastich and I, took to Japan with the Treasurer of the province at that time, I took away with me a copy of the April 10th report, ~~and~~ which is very favourably disposed towards the lease-purchase type of arrangement. We had quite a considerable discussion

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(Mr. Gathercole)

of it at that time, and, in general, I discerned from his remarks that, while there were one or two places, you know, which he thought he might have reservations, he thought it was a very comprehensive and good report.

Subsequent to that, he did write, I believe, a memorandum to Mr. Dean raising some of these questions. Mr. Dean prepared a report which was in response to these questions which I discussed with Mr. Dean, subsequently.

Mr. Renwick: Mr. Chairman, may I just begin to clarify this so that we compress the time sequence. The only documents that we have, which indicate a memorandum from Mr. Nastich and a memorandum to Mr. Dean from Mr. Nastich and Mr. Dean's reply, ~~is~~ *are* after the date of the June 26th commission meeting and before

Mr. Gathercole: No, July 20, I believe it was.

Mr. Genest: Exhibit 75 is the memorandum.

Mr. Gathercole: July 20.

Mr. Renwick: Exhibit 75 is dated June 26.

Mr. Genest: The Commission memorandum ~~of~~ ^{is} the 23rd.
a memorandum to the Commission.

Mr. Renwick: I understand that, yes, I understand that.
~~The time period is~~ - My only interjection, Mr. Gathercole, was that you were talking ~~of~~ about your trip to Japan with the Treasurer. I am talking about the period of time from

Mr. Gathercole: No, with the assistance of ~~that~~

Mr. Renwick: June 23, 1972, which is the date of the submission to the Commission, and July 19, 1972. That is the time span I am speaking about.

Mr. Nastich expressed grave reservations on June 26,

....Tape H-208 follows

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4.30-4.35 p.m.
M.F.

H - 208 - 1

Chairman: Mr. MacBeth

(Mr. Renwick)

in exhibit number 75.

Mr. Gathercole: And they had written a memorandum to Mr. Dean.

Mr. Renwick: On June 29th there was the Commission meeting. On the same date, Mr. Nastich ^{wrote} a memorandum to Mr. Dean confirming his reservations and requesting the study.

Mr. Gathercole: That is right.

Mr. Renwick: of those reservations?

Mr. Gathercole: Yes.

Mr. Renwick: When the matter was then dealt with at the — and then there is the reply by Mr. Dean; there is the consideration on July 12th by the Commission; and the final authorization of the deal subject to negotiation of terms with Canada Square.

Now, as I say, the submission to the Commission was not signed by Mr. Nastich. My question is; did Mr. Nastich during that time span — no, what is your understanding of Mr. Nastich's position, from your point of view as chairman of the Commission, with respect to entering into the agreement with Canada Square? Did he express dissent? Did he express reluctant approval? Did he wholeheartedly go along?

Mr. Gathercole: Let me say this; that during the period from, I think, June 30th to the 25th of July, Mr. Nastich was away on vacation, but during this period Mr. Dean prepared a reply to ~~the~~ the questions, which I have discussed, which others have discussed, in relation to the questions that were raised by Mr. Nastich. I think Mr. Nastich would say that this lease-purchase arrangement is a very satisfactory arrangement.

Mr. Chairman: Well, now, on the second page of the memorandum from Mr. Nastich on the 29th of June, I believe he

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Mr. Chairman

does - exhibit 78 - I think there is some information on that.

Mr. Gathercole: It is not abnormal for Mr. Nastich ^(not to sign)

Mr. Renwick: Excuse me, Mr. Chairman, again, I want to get away from asking what Mr. Nastich - I want to know whether or not, as Chairman of the Commission, the assistant general manager of finance dissented ^{or} expressed grave reservations, but agreed to go along; ^{or} went along wholeheartedly, ~~or~~ What was your impression of one of your senior advisers' reaction to entering into that proposal?

Mr. Gathercole: My reaction was this, that while he was exploring some of the difficulties with the arrangement that we were entering into, he supported the arrangement as being in the best interest of Hydro. That was the interpretation.

Mr. Renwick: All right. Now let me come up now to November. At the time of the formal authorization by the Commission of the execution of the agreements in final form, did Mr. Nastich ~~comment~~

Mr. Gathercole: November 1st.

Mr. Renwick: Yes. You, as chairman, what is your understanding, having yourself to make the decision ~~comment~~


Mr. Gathercole: Right.

Mr. Renwick: Along with the other members of the Commission, of his position?

Mr. Gathercole: My understanding is this; that while he had some reservations about the various methods of financing, nevertheless, he supported the entering into the lease-purchase arrangement.

Mr. Renwick: Thank you, Mr. Chairman.

Mr. Chairman: It is half-past four; we will have a recess for 10 minutes.


Tape H - 209 follows

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M.R.

Mr. Chairman: Mr. Gaunt, you had one or two questions I believe you ^{wished} ~~to~~ to ask. If you would proceed, ~~and then I would~~ I am not going to ask you to be short Mr. Gaunt, because you haven't taken up undue time, but I would ask all of us to perhaps let us proceed with getting some of the rest of this evidence in today, and before Mr. Gathercole goes we will have a chance to examine him in more detail.

Mr. Gathercole: Mr. Chairman, might I just interject in reference to Mr. Renwick's question. It was an item ~~on the~~ which I think was distributed, ^a ~~under~~ June 29th memorandum to Mr. Dean from Mr. Nastich which made reference to the question that he raised, and Mr. Nastich says, "I would like to re-emphasize my general view that a lease-purchase arrangement has many more ~~quantitative~~ advantages and likely is the best course of action for Ontario Hydro."

Mr. Chairman: That is the one I made reference to earlier, but Mr. Renwick's point, of course, was that he wanted to know what you thought the advice ~~was~~ was rather than what the advice was.

Mr. Deans: Well just one point. Just to make reference to that - it says "and likely ^{is} ~~has~~", but that is in relation to the question that he was asked.

Mr. Gathercole: Everybody likes ^{you} know - some people like to be awfully safe. ^{WHO DOESN'T?}

Mr. Renwick: ~~Who doesn't?~~ Well, Mr. Chairman, you will recognize that I prefaced my earlier remarks by saying that we were talking, of course, within the framework of the Hydro team, where dissent is very politely expressed at all times, ^{I AM CERTAIN.}

Mr. Chairman: Yes, Mr. Genest?

Mr. Genest: I'm concerned about something that ~~was run along the more~~ about the evidence that ~~the document~~ the formal contracts, although dated October ~~19th~~ or 18th, were not signed until November 1st.

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M.R.

(Mr. Genest)

I can see a headline tomorrow saying, "Hydro backdates documents."

Mr. Chairman: The news stories are already out. It's too late.

Mr. Genest: I'd like to ask Mr. McCallum to clear that up right now, because the explanation is perfectly straightforward and it's something that sometimes people who are not lawyers don't appreciate.

Could I have leave to do that, Mr. ~~Genest~~ Chairman?

Mr. Chairman: I think so, but I'm just worrying about getting it on tape. If you will talk loudly, Mr. McCallum, Mr. Genest has the advantage of a deep voice and I think it carries. If you'll talk loudly too and put it on briefly.

Mr. Deans: Mr. Chairman, can't he come forward to a MICROPHONE?

Mr. Chairman: Yes, maybe it would be better if you came forward, Mr. McCallum. George will gladly surrender his seat to you for a minute there.

Mr. Gathercole: For any length of time.

Mr. McCallum: If you will look at Exhibit 101, it has attached to it I think what you would call a five letter-agreement, and if you number them from front to back numbers one, two, three, four and five, perhaps I can assist you.

The agreement which is signed and is in front of your committee has attached to it, ~~these letter-agreements~~ or with it, these letter-agreements. The agreement was executed by Canada Square on a date that I don't know, but it was executed, the important point from your point of view, Mr. Chairman, it was executed by the Hydro Commission on the 1st of November. At the same time authority was given and signatures were affixed to numbers one, ~~two~~ two and three of

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(Mr. McCallum)

the five letter-agreements.

Number five of the five letter-agreements is only executed by Mr. Moog, for it's an undertaking. It was not executed by Hydro. It's dated ~~October 18th, 1972~~ October 18th, 1972.

Number four is dated October 18th, 1972. It was delivered to the Hydro Commission in its present form on November 17th, 1972, and was executed by the Chairman and the Secretary on that date, pursuant to an authority given to them by the Commission on an earlier meeting.

~~Number three of the five letter-agreements is only executed by Mr. Moog, for it's an undertaking. It was not executed by Hydro. It's dated October 18th, 1972.~~

~~Number two of the five letter-agreements is only executed by Mr. Moog, for it's an undertaking. It was not executed by Hydro. It's dated October 18th, 1972.~~

~~Number one of the five letter-agreements is only executed by Mr. Moog, for it's an undertaking. It was not executed by Hydro. It's dated October 18th, 1972.~~

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Chairman: Mr. MacBeth

(Mr. McCallum)

~~and the secretary on that date, pursuant to an authority given to them by the Commission on an earlier meeting.~~

All of this is set forth in an affidavit of Ernest Easson, Secretary of the Hydro Commission, which was sworn on the 29th of December, 1972, and which, with your permission, sir, perhaps ^{Mr. Shibley} ~~you~~ will let me file ~~as~~ as an exhibit, ~~and~~ ^{It} sets out the particulars that I have just given you orally and I have tried to shorten ~~the~~ ^{the} length of the affidavit itself.

Q Mr. Chairman: Thank you, Mr. McCallum. Since there are no copies at this time I assume but we will maybe have copies made of the pertinent part, ~~but~~ ^{that} that will be exhibit 107.

Q Now Mr. Gaunt?

Q Mr. Gaunt: Thank you, Mr. Chairman. I just wanted to ask Mr. Gathercole-- do you sign all of the minutes of the Commission meetings?

Q Mr. Gathercole: Not all of them. I sign the vast majority of them. If I am absent and the vice-chairman has been present he will sign them.

Q Mr. Gaunt: Is it possible that exhibit 105 ^{is} and I think you have it there ^{is} is it possible that that ^{particular} exhibit is a direct quote from the minutes of the Commission meeting of November 8th?

Q Mr. Genest: That is quite possible. In fact I think that ^{you} can take it that any memorandum for a file which is in ^{quotes} ~~is~~ is in the nature of minutes.

Q Mr. Shibley: That is the basis on which we have been proceeding throughout ~~this~~ this hearing.

Q Mr. Genest: Where it is in quotation marks it is an excerpt from the minutes.

Q Mr. Gaunt: Do you recall, Mr. Gathercole, if you signed the minutes of that ^{particular} meeting?

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Q Mr. Gathercole: I don't recall, no. But I would simply like to say that the minutes are a very ^{comprehensive} ~~document~~ document as a rule and they involve a great deal of reading so it is perfectly possible that I might have signed minutes, of which that would be an excerpt, along the way without having fully grasped the significance.

Q Mr. Gaunt: Exhibit 106 is an amplification of that particular meeting, I take it, ~~and~~ Did you see that particular memorandum, or do you normally see them?

Q Mr. Gathercole: No, I haven't seen the secretary's memoranda file, I haven't, ^{no}. I ^{KNOW} ~~heard~~ that they were there, I had seen ^{the "A"} advice of ~~the~~ Commission Decision, yes, but I didn't know that he also kept memoranda ^{um} ~~to~~-file items which constituted his recollection of some maybe discussions at the Commission meeting or views expressed by some member of our Commission and senior management. And perhaps I might add, by way of explanation, that our Commission meetings consist not only of the commissioners, but they also invariably are composed of the general manager and all the assistant general managers, besides the secretary, so that is the general organizational structure under which we operate.

Q So Mr. Nastich, Mr. Gordon, and all the other assistant general managers will be present at the Commission meetings normally and will advance their views during the course of the Commission meeting.


Q Mr. Gaunt: First of all I want to sort out — do you normally get the ^e ~~memorandum~~ memorandum that is filed by Mr. Easson after the Commission meeting?

Q Mr. Gathercole: No, I don't get the memorandum-to-file. I receive a copy of the minutes, which I normally sign, and I generally receive the ^{"A"} advice of ~~the~~ Commission Decision, but I wouldn't receive those memorandum-to-file.

Q Mr. Gaunt: What check then is there that information contained in various memoranda is ~~in~~ accurate?

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Q Mr. Gathercole: Well, ~~it~~ there is no verification or auditing of it, no. It would be just Mr. Easson's recollections of what he thought had transpired which might be influenced by some conversations he had had with one of the members of the staff either at the meeting or maybe at some other place.

Q Mr. Gaunt: Do you make personal ~~memoranda for your own file of Commission meetings?~~ 

Tape H - 211 follows

H-211 - 1

(Mr. Gaunt^{aunt} ~~Genest~~)

... ~~personal~~ memoranda for you own file of the commission meeting?

Mr. Gathercole: Only occasion, if I have attended a meeting with some outside party, I might dictate ~~and~~ a short note, but I can't recall ever ^{having DICTATED} ~~dictated~~ a note concerning any commission meeting?

Mr. Gaunt: NO knowledge?

Mr. Gathercole: I don't think I have ever done that and it's only on a rare occasion that I might have been out somewhere and I dictated ~~and~~ a brief note of what the conversation was; but it had nothing to do with the commission meeting, no.

Mr. Gaunt: So that you would have no personal memorandum of the commission meeting of November 8, to your knowledge?

Mr. Gathercole: None whatsoever, or of any commission meeting.

Mr. Gaunt: Would it be possible, Mr. Gathercole, for you to find out if, in fact, you did sign that particular memo?

Mr. ~~Genest~~ Genest: We'll find that out, yes.

Mr. Gathercole: In all probability I did.

Mr. Gaunt: Thank you, that's all.

Mr. Chairman: Mr. Shibley:

Mr. Shibley: Mr. Chairman, reference was made by Mr. Genest of certain press reports that were an inference upon Hydro, and, I think, in fairness, those should be made a series of exhibits. ^{Four} ~~for~~ such press clippings have ~~been~~ already been distributed to members of the committee, ~~and~~ the first being one from the Toronto ~~Star~~ Sun dated September 1, 1972, which I ask be made Exhibit 108, and this is the ^{STYLED} ~~one~~ ~~styles~~, or with the headline, "Secret government ^{STUDY} ~~studies~~ ^{plans} plan Hydro bureaucracy, Nixon". The next is a press clipping from the Toronto Globe and Mail, November 6, 1972, which I ask be made Exhibit 109, and this is an article, "The economics of Hydro", and it's notable

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(Mr. Shibley)

that ^{IT} ~~the~~ reference ^{S/A} ~~to~~ " ^{Ontario} new/Hydro headquarters is to be built in Toronto by Canada Square Corporation Limited," and so on, and it deals in some ^{DETAIL} ~~detail~~ with the arrangements in connection with Canada Square.

The next clipping is one from the Toronto Daily Star dated November 14, 1972, that I ask be made exhibit 110. It is headlined, "Hydro's new status won't help the public, Robert Nixon claims", and again reference is made in the body of that article respecting the decision to ~~not~~ build the \$40-million headquarters in the heart of downtown Toronto.

The next clipping is a clipping of an article in the Orillia Packet and Times, dated November 10, 1972, and I ask to be made exhibit 111. This is headed, "Letters to the ~~the~~ editor", and, ~~again~~ again, makes reference to the building.

Mr. Gathercole, I gather that Hydro maintains a press clipping service.

Mr. Gathercole: Yes.

Mr. Shibley: Is that right?

Mr. Gathercole: Yes.

Mr. Shibley: Are these press reports read by your staff and yourself?

Mr. Gathercole: Oh, yes. We keep in very close touch with ~~the~~ what the press are writing about us.

Mr. Shibley: Now, then, you had made reference earlier to the circumstance that at the time of the commission meeting of November 8, part of what was influencing your discussions were the publications being made as at that date, and I gather you were then talking in terms of exhibits 108 and 109, they being the ~~the~~ only two that preceded that meeting. Is that correct?

Mr. Gathercole: Yes, that's ~~true~~ true.

Mr. Shibley: All right. Now, then, Mr. Nastich ^{PREPARATION} ~~having~~ urged the ^{being} ~~the~~ cooperation of a detailed statement on why the commission had proceeded in this manner, that ~~is~~ ^{was} part of a memorandum of November 8, which is exhibit 106, ~~was~~ such a

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(Mr. Shibley)

detailed statement prepared?

~~I can assist you. One of the documents presented
to me was a document drafted by Mr. Candy, dated November 15, . . .~~

(Tape H-21X2- 1 follows)

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C.B.

(Mr. Gathercole) Yes.

~~Mr. Gathercole:~~

Mr. Shibley: ~~I can~~ ^{can} assist you. Among the documents presented to me was a document drafted by Mr. Candy, dated November 15, 1972, styled "Ontario Hydro Head Office Administration Building", and running to some nine pages with appendixes.

Mr. Gathercole: Yes.

Mr. Shibley: Yes. I'm producing to you that document and ask that it be made the next exhibit.

Mr. Chairman: That will be 112.

Mr. Shibley: This is the last one as per Hydro's documents. I'm not going to go through this document; it is another rationale, if you like, of the thinking behind entering into the transaction and certain particulars as to its terms. I might tell members of the committee that this document surfaces a number of times subsequent to this date, it is given later dates according as it is being submitted later.

But the very same document reappears and, I think, at least two or maybe three occasions as we go along. I don't want to get into it at this time; I think the committee can read it for itself.

The next document I would ~~tendered~~ ^{like} to ~~the witness~~ is ~~a~~ letter dated November 16, 1972, from Mr. Candy to Mr. Gathercole; I guess it's a memorandum, I ask it be made exhibit 113.

This memo is a short ~~memo~~ memo reading; ^{herewith} "Attached ~~for~~ your information is a copy of a report dated November 15, concerning the new head office building

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Mr. Shibley

mm which I have submitted to Mr. James Auld in order that he may be well informed of the situation prior to the opening of the Legislature. I am going to discuss it with Mr. Auld in his office on Monday, May 20, at 2:30 p.m."

Mr. Gathercole, I take it that the report which is referenced in this memo is the report of November 15, which was exhibit 112?

Mr. Gathercole: Yes.

Mr. Shibley: And would you please enlighten us as to the reasoning behind submitting that report to Mr. Auld?

Mr. Gathercole: There had been, as I said, questions raised about it, and therefore it was advisable that we inform Mr. Auld, who was the minister, who'd be reporting in the Legislature on Hydro matters, and Mr. Candy was asked to fill in Mr. Auld and inform him about the situation.

Mr. Shibley: Similarly, on the same date, did you yourself send a copy of that report to Premier Davis, under cover of a letter, ^{as I} ~~say~~ say, November 16, 1972.

Mr. Gathercole: Yes, I did.

Mr. Shibley: I'm producing that letter as the next exhibit, Mr. Chairman.

Mr. Chairman: Exhibit 114.

Mr. Shibley: ~~The~~ Members of the committee, I'm not giving you the supplementary copies; they are identical to that of November 15. All I can tell you is that, as I say, some of the material is given later dates, but it is identical in content. This letter to the Premier, "Attached is a copy of a statement prepared by Mr. Candy, commission architect, which sets out essential elements of our new head office building very succinctly."

66 You will see ^{from} ~~from~~ Mr. Candy's calculations that

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Mr. Shibley


proceeding in the manner we propose would provide an annual saving ~~a~~ to Hydro estimated by Mr. Candy at \$2,460,907, compared with the situation that would prevail operating in rented and scattered premises.

⁶⁶ This does not take into consideration that at the end of ~~thirty~~³⁰ years Hydro would own the building clear of any financial encumbrance."

Now then, again, the purpose behind this communication with the Premier, Mr. Gathercole, was what?

~~Mr. Gathercole: Well again there were questions~~
~~emerging in.~~

H 213 to follow



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(~~Mr. Shibley~~)

~~Mr. Shibley: This is a memorandum dated November 23, 1972, from Mr. Bissons to Mr. McMurtrie, which I ask be made Exhibit ---~~

Mr. Gathercole: Well, again, there were question^ag emerging in the House and, understandably, I felt that he should be in a position to comprehend what we were doing.

Mr. Shibley: ~~Then~~ All right. The next document is one dated November 23, 1972.

Mr. Bullbrook: Excuse me, Mr. Shibley, just while you're on that, just one short question, why would a copy go to Mr. Fleck?

Mr. Gathercole: Well, a copy would go to Mr. Fleck as being the executive assistant, the director to the Premier, so he would also be apprised of what the information was.

Mr. R. G. Hodgson: Mr. Shibley, would this also go to his home, or would this go to his office? Some time prior, you sent a memo to his home.

Mr. Gathercole: That was only because I presumed he would be getting back from someplace and somebody suggested, from his office, that he was home, or whatever the occasion was, whether he was ill, or away, that it be delivered to his home. In this case, I haven't any doubt, it was delivered to his office. That would be the normal course.

Mr. Shibley: Now, by memorandum dated November 23, 1972, from Mr. Bissons to Mr. McMurtrie, which I ask be made Exhibit ---

Mr. Chairman: 115.

Mr. Shibley: Second paragraph you'll note: "If we are in this position". I'm sorry, I'd better go back. "It would appear that during the next few years the market may well be overbuilt with high-grade centre core office space. On completion of our ~~new~~ new building, we will have perhaps 400,000 sq. ft. of surplus in it, plus the whole of 620, plus the sub-letting of the

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whole of 77 Bloor West. The Bloor-Bay area, while it has not lost any of the commercial attractiveness on which we based our original assumptions as to recovery of the unexpired term of the Fairview lease, may well be particularly saturated.

" If we are in this position it will be the direct result of the deferment of this building by the Government as a the result of cyclical economic concerns in 1970.

" Be that as it may, we should lose no time in planning how we may secure tenants for all this space. The first priority should be to see whether we can attract Government departments housed in less favourable quarters. The Ministry of Government Services should I think be supportive as certainly the Government would be no more anxious than we to find ourselves in such a loss position when we both indicated, as did the Premier in the House the day before yesterday, that we are saving perhaps as much as \$2.4 million by building the building."

Now, Mr. Gathercole, was the question of the need to sub-let some 400,000 square feet of surplus in your new building, plus the whole of 620 University Avenue, plus the whole of your premises at 77 Bloor Street West, the subject of discussion at meetings of the Commission which preceded the entering into the Canada Square contract?


Mr. Gathercole: The subject had been raised by Mr. Sissons, in some of these terms, that there would be something of an absorption problem at the time that we would be moving from the Fairview building back into our own quarters. And the question was raised by him as to what would be the difficulties of renting out that space. And the outcome of the discussion was that there shouldn't be too many difficulties ⁱⁿ ensuring that there would be occupants who would take over that space at that time. Now, what Mr. Sissons is doing here is simply saying, that, nevertheless, there is a real problem here and that we ought to

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(Mr. Gathercole)

adopt a sensible, far-sighted approach in order to ensure that we can use our space in the new building effectively, and, at the same time, there's no problem ~~with respect to the original part of the lease term in the Balview building. And so, this was~~



Tape H 214 follows

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(Mr. Gathercole)

with respect to the remaining, ~~and~~ the residual part of the leased term in the Fairview Building. ~~this~~, this was a matter ~~on~~ which we'd take up with a number of people, but particularly, perhaps, with the Ministry of Government Services, advising them of this situation in order that we could resolve the problem.

Mr. Shibley: Now, Mr. Gathercole, this problem, as you describe it, emanates from the decision to proceed with this project ^(as a) ~~the~~ one-phase ^{development} ~~problem~~ as opposed to a two-phase ~~problem~~ development. Is that not so?

Mr. Gathercole: I don't ~~describe~~ ^{view} it in that way. ^{Under} ~~in~~ the original plans designed for 1968-1969, we were to have some ~~space~~ ^{which} such space would be available for rental. We weren't going to occupy the whole thing, but subsequently our anticipation of growth ^{tended to} ~~indicated~~ we needed a larger accommodation. But there was some space at that time.

Our problem was magnified by the delay in proceeding with the implementation of the original plans because we were getting more rented space outside.

Mr. Shibley: Well, ~~what~~ ^{and} I could stand corrected on this -- the documentation produced to me, and through me to this committee, to date, does not appear to reveal the kind of discussion among the members of the commission, at least, nor did I find anything ^{between} ~~any~~, say, members of Hydro staff, directed to this question of ~~subletting~~ subletting space for which ~~my~~ you had assumed responsibility. Is that not so?

Mr. Gathercole: I don't think, as far as I am aware, there is any documentation of it, but I assure you that Mr. Sissons raised this subject on a number of occasions at the commission meeting ~~and~~ underscoring ~~that~~ the short-term problem would arise when we were vacating the Fairview building and some of our other quarters, to move back into our new headquarters.

Mr. Shibley: Would this ~~...~~

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Mr. Gathercole: But he did raise this question.

Mr. Shibley: Would this not have been a highly material consideration in the deliberations of the commission in respect of whether you should proceed on a one-phase or two-phase project?

Mr. Gathercole: It ~~x~~ was a consideration, but ~~x~~ on the basis of our projections of the staff requirements, our economies definitely indicated that we should go for a one-stage building rather than ~~to~~ do it in two stages and have to come back subsequently. And the longer we ~~delay~~^{delayed}, and I think Mr. Sissons will be able to explain it much more effectively than I, but the longer we ~~delay~~^{delayed} the more ~~quarters~~^{quarters} ~~or~~ ~~space~~^{accommodations} that we were renting outside our own building, the more the problem of adjustment.

Mr. Shibley: Well, it's notable that the first memorandum that I have come across, referable to this problem, postdates the making of the agreement with Canada Square. Do you agree with me?

Mr. Gathercole: Yes, it does.

Mr. Shibley: And I just question whether or not this circumstance was given due considerations by members of the commission before entering into the arrangement with Canada Square for a one-phase project involving you in a very large surplus of space.

Mr. Gathercole: Well, Mr. Shibley, I can only say that ~~x~~ it was discussed a number of times. There are, of course, very considerable economies ~~in~~ⁱⁿ going for the one-stage plan; ~~and~~ at one time, in ~~a~~ one-stage, ~~of~~ proceeding with the full development of the site rather than coming back subsequently and then putting on another addition to it.

Mr. Shibley: Mr. Gathercole ~~x~~.

Mr. Gathercole: There are many more economies in doing it that way and then renting that space. Now, we believe that the business occupancy ~~x~~ in this area is going to grow very ~~rapidly~~.


Mr. Gathercole

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R.E.S.

rapidly,

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Mr. Shibley: Mr. Gathercole, you have reviewed with me
for the benefit of the committee here a number of submissions
by way of ~~reports, and on, tabled with yourself, the~~
~~one of April 16, and the later one of June 23, ...~~



(Tape H-215 - 1 follows)

H-215-1

(Mr. Shibley)

of reports, etc. tabled with yourself, the one of April 10 and the later one of June 23, neither of which contain any reference to the circumstance of the surplus space, not only in the new building, but in the premises rented by you that would require ~~sub~~subletting¹.

Mr. Gathercole: I think in some of the memoranda^a it did refer to something of the order of ^{380,000}~~300~~ square feet of space in the new building which would be available for future expansion of Hydro staff, but in the immediate years would be capable of being rented and the income therefrom used to supplement the financing of it.

Mr. Shibley: I realize that they did say that, but what I'm driving at is that nowhere ~~was the commission~~ were the members of the commission alerted to the combined consequence, if you like, consequence of a combination of surplus space in the head office building, plus the fact that there would be a continuing obligation referable to 77 Bloor Street West, plus the whole of 620 University Avenue.

Mr. Gathercole: Mr. Shibley, I can assure you it was discussed, and it was recognized as a problem of adjustment during that period of time. And we had had some discussions as to who might conceivably wish to take over, to buy, our existing head office^{BUILT} back in ~~192~~ 1934 and so on. I think Mr. Sissons could describe some of the measures or tentative discussions that had been held with certain people; like whether that building might be turned into either government offices or else ~~would~~ could be turned over into some sort of medical centre which is closely related to the hospitals surrounding it. That is one thing. ~~and~~ In these other premises it was recognized that there would be a short-term problem there, but that we had three years during the construction stage, three years in order to try and resolve that.

Mr. Shibley: All right.

Mr. Chairman: Mr. R.G. Hodgson.

Mr. R.G. Hodgson: Mr. Gathercole, the other day you quoted a letter from Mr. Hilliard, the ~~ad~~ deputy minister of Public Works inquiring of you ~~last year~~ after your Japan visit

H-215-2

(Mr. R.G. Hodgson)

as to space that might be available. Was that answered that this would be available? At what time?

Mr. Gathercole: Mr. Hilliard wrote to me. I was using that as a reference to indicate that the Department of Government Services has always looked upon Hydro's office buildings as being something that was a responsibility for the Hydro commission to determine. But he was saying that our interest would be related to whether you would have additional space that we might rent.

Mr. R.G. Hodgson: Yes. Well this seems like additional space that you might have had. I wondered if that was indicated.

Mr. Gathercole: Yes, that's right. And what Mr. Sissons is telling ^{McMurtrie is} ~~Mr. Hilliard~~ that now that the decision has been made, that we have to go ahead and have ~~this~~ our head office built, ~~we have~~ ^{and} having two or three years ahead of us, ^{we have} to work out arrangements by which we can, in bringing our people into the new head office administration, find tenants for the other. Most of these leases are relatively short term.

MR. R.G. Hodgson: Do you know if that letter was answered?

Genest:

Mr. Hodgson: Mr. Hodgson, the letter from Mr. Hilliard was 1968, March 27.

Mr. R.G. Hodgson: That wasn't the way I got the answer to my question about the visit to Japan.

Mr. Genest: Oh, I'm sorry.

Mr. R.G. Hodgson: Was there any follow-up by the Government Services department, and Mr. Gathercole quoted this letter. So I am wondering ^{why} we are ~~all~~ getting a memo like this at a late stage if the letter that had been quoted in regard to Mr. Hilliard had been answered?

Mr. Gathercole: Well, Mr. Hilliard.. I was just making reference to that, but ^{HILLIARD} ~~alternatively~~ the letter was dated 1968.

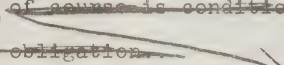
Mr. R.G. Hodgson: Oh it has no relation to that?

Mr. Gathercole: No, there wasn't, except I was trying to bring ^{out} ~~up~~ the reaction of the department at that time.

H-215-3

Mr. Chairman: Mr. Shibley.

Mr. Bullbrook: May I ask one question? Am I correct in assuming in connection with exhibit 114, your letter to the Premier, that the second paragraph advising the Premier of the savings to Ontario Hydro, ~~of course is conditional upon your ridding yourself of the obligation.~~



H-215-1 follows

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(Mr. Bullbrook)

~~paragraph advising that Premier [unclear] [unclear] [unclear]~~
of course, is conditional upon your ridding yourself of the obligations concurrent with your other accommodations?

Q Mr. Gathercole: That is true.

Q Mr. Deans: May I just inquire, in regard to the first sentence, am I correct in assuming in exhibit 115 that you did receive and read this statement at the time that it was issued?

Q Mr. Gathercole: The statement of Mr. Candy?

Q Mr. Deans: No, ~~the~~ the letter of Mr. Sisson to Mr. McMurtrie.

Q Mr. Gathercole: Yes.

Q Mr. Deans: You did. Can you tell me how you would respond to a statement that it would appear that during the next few years the market may well be overbuilt with high-grade, centre-core office space? Doesn't it strike you as odd that after you have reached the point of having made a decision and signed a contract that you then informed in a letter that it may be a little difficult to rent the space that you currently have?

Q Mr. Gathercole: Well there might be, Mr. Deans, a short-term problem there. I mean we ~~have~~ recognized that. There might be a short-term problem but the longer that we delayed the more costly certainly it was going to be to the power users of the province to the tune of maybe \$3 million or \$4 million a year.

Q Mr. Deans: But that \$3 million or \$4 million a year assumes the ability of Hydro to rent the existing space. If you are unable to rent it, of course, the costs to the power users will go up, but that should have been a consideration prior to the signing of the contract.

Q Mr. Gathercole: Yes, but surely it is a short-term problem, isn't it, Mr. Deans? I mean, we have got three years to work on this of getting other tenants in the space on which we have leases. We have some short-term leases which I believe are only two or three years or thereabouts. But the Fairview

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(Mr. Gathercole)

building lease ^{WAS FOR} ~~10~~ ⁵ years of which we were going to use a good part of it.

Q Mr. Deans: I am just curious ^{then} in regard to the third paragraph in which mention is made of the possibility of attracting government departments. Why would that not have been done prior to the final signing, and why would there not have been discussion between Hydro and the Ministry of Government Services at that point to determine what the possibilities were?

Q Mr. Gathercole: Until the agreement had been signed, we didn't know whether we were going ahead ~~and that is the question~~.

Q Mr. Deans: That's a question I still have in my mind. But obviously you were pursuing all the important details regarding the agreement. And one of the important details was the possibility of being able to dispose of leases and buildings which currently were being used by Ontario Hydro. Now, you must surely have given consideration to the various methods of disposing of them.

Q Mr. Gathercole: We have.

Q Mr. Deans: And wouldn't that normally have been done prior to the finalizing and arrangement to ~~proceed~~ proceed with another operation?

Q Mr. Gathercole: Well, if your building programme is going to be predicated upon, you know, making sure that every square foot of space that you are renting is going to be occupied at the time the lease expires, then you are never going to build a building.

Q Mr. Deans: Just one final question, would you agree with me that this letter indicates that if Hydro is unable to realize the \$2.4-million saving, that it's the fault of the government?

Q Mr. Chairman: Care to make a comment on that, Mr. Gathercole?

Q Mr. Deans: That's what the letter says.

Q An Hon. Member: May I ask your interpretation of it?

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Q Mr. Chairman: Mr. Bullbrook.

Q Mr. Bullbrook: I want to refer you to exhibit 112 if I could. Do you have a copy of it there?

Q Mr. Gathercole: Well, I am not numbering mine.

Q Mr. Bullbrook: Well, ~~it is a report on head office that Mr. Shibley says is a recurring thing. It is dated November 15, 1972, and scheduled to it~~ ^{the} ~~the~~ the fourth last page. Now this might be unfair asking you this and maybe Mr. Shibley could help me. ^{The} ~~The~~ reason I go into it at this time is that you will notice at the bottom Mr. Candy's figure, that you quote in talking to the Premier of the saving ^s is shown there — \$2,460,000 —

Q Mr. Gathercole: ^{Yes} ~~that's true.~~ that's true.

Q Mr. Bullbrook: Now, in arriving at that, you talk about revenue and you say — I am sorry, you don't, sir — but the administration does; surplus space available for leasing ~~to others \$3,800~~ 

(H-217 to follow)

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M.R.

(Mr. Bullbrook)

~~the administration dates. Surplus space available~~

lessing to others - ~~\$3,840,950~~ ^{384,950} square feet at
\$8 a square foot. ^{by} Now, my mathematics [^] you are about
\$500,000 out.

Maybe Mr. Genest has an answer to this.

Mr. Genest: I'm just ^{trying} ~~trying~~ to find the place.

Mr. Bullbrook: Page 2 of the appendix.

As a matter of fact, you are more than that out.

Mr. Genest: The trouble is there are a lot of
drafts ^{of} ~~that~~ kicking around the Hydro files and there ^{were} ~~are~~
many corrections made to that.

Mr. Candy: One thing I would like to say is that
when I first put that statement down, there was an error
in that statement. That statement was corrected later.
It comes about the same —

Mr. Bullbrook: It comes out to exactly the same
figure. You get - it comes out to the cent. The figure
at the bottom, Mr. Chairman, is ^{\$2,460,907} ~~\$2,460,907~~. That's the
exact figure that the chairman advised the Premier was the
saying.

Mr. Genest: Well, the document I have in my file,
Mr. Bullbrook, doesn't have the same figures at all.

Mr. Bullbrook: Oh, it doesn't.

Mr. Genest: It must be a draft.

Bullbrook:

Mr. ~~Chairman~~ We've got that figure shown at
\$3,797,600, Mr. Genest. I'm sorry to take up your time at
this time but —

Mr. Chairman: What is the number on the exhibit?

Mr. Bullbrook: On page 2, Exhibit 12. When I say
page 2, it's the fourth page from the last.

Mr. Shibley: 112.

Mr. Bullbrook: 112. Maybe there is a simple
explanation that I'm just missing.

Mr. Gathercole: Well, supposing it's \$2 million *

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(Mr. Gathercole)

or whatever it is, you know, it's a

Mr. Genest: Mr. Bullbrook, can I clear that up overnight?

Mr. Bullbrook: Yes, surely.

Mr. Genest: Because I think that's the problem. There are numerous drafts of this prepared and —

Mr. Bullbrook: As a matter of interest, what does your figure show, Mr. Genest?

Mr. Genest: Well I have three.

Mr. Bullbrook: Oh you have three different figures?

Mr. Genest: Three drafts ~~of this~~ in my file.

Mr. Bullbrook: Okay, well that's fine, sir.

Mr. Shibley: I have produced to the committee the copy which was dated November 15th ^{and} which I was confident was the copy that had been sent on to Mr. Auld and to the Premier because those letters are dated November 16th.

There was a draft dated November 13th that I have disregarded and there were documents identical in form dated November 29 and ~~and~~ December 6th but which were obviously photocopies of this November 15th document.

Mr. Bullbrook: May I ask you, Mr. Shibley, through the Chair, do you show that figure of \$3,797,600?

Mr. Shibley: Well, that is what is bothering me. I'd like to be sure you and I are both looking at the same ^{page}.

~~day~~

Mr. Bullbrook: Maybe I'm not, really.

Mr. W. Newman: Well, mine is the same as yours.

Mr. Gaunt: So is mine.

Mr. Genest: What is your figure, Mr. Bullbrook?

Mr. Bullbrook: \$3,797,600.

Mr. Genest: That ~~xxx~~ is the immediate annual savings?

Mr. Bullbrook: No, "Surplus space available for leasing to others - ~~\$284,000~~ 384,950 square feet at \$8 a square foot

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(Mr. Bullbrook)

If you multiply it ~~by~~ 10 it works out to that. The figure I got is about \$3 million.

Mr. Genest: I don't have it.

Mr. Gathercole: Here it is.

Mr. Shibley: Mr. Bullbrook, my document does not have the figure you have.

Mr. Bullbrook: Oh, yes, well that's fine. I'm sure there is an explanation.

Mr. Chairman: Mr. Bullbrook, the figure you are looking at is \$3,797,600 - that's on Page 2, I believe.

Mr. Genest: I have a figure of \$3,272,075.

Mr. Candy: That is a half a million.

Mr. Bullbrook: Right. That's half a million.

Mr. Candy: It is a mathematical error.

Mr. Bullbrook: Okay.

Mr. Genest: I'll —

Mr. Bullbrook: I take it that just for the sake of clarity we happen to be typographically out by ~~\$100,000~~ \$500,000.

Mr. Genest: That's right. On your figures —

Mr. Shibley: I think we will leave it to Hydro to sort it out. I want the document that was submitted with the letters of November 16 dated November 15th.

~~The next day document I'd like tendered is one dated November 27th.~~

H-218 to follow

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5:35 - 5:40 pm

C.B.

(Mr. Shibley)

→ The next document I would like tendered is one dated November 27, 1972, which is a memorandum from Mr. Candy to Mr. Carroll. This is a document which is informational as to the amount of space which is usable in this building, the amount of space expected to be required by ~~Hydro~~ Hydro.

You'll notice on page two, the third last paragraph, "On the basis of having a total staff of 4,320 in 1975, we will require 604,800 square feet at 140 square feet per person. When you add to this amount 384,950 square feet of surplus ~~space~~ ^{you} come up with a total of 989,750 square feet of rentable space provided either for our use or ^{for} subletting."

Then the next ~~xxx~~ series of documents I'm putting in for completeness I don't think ~~they~~ require comment. The first is a memorandum dated November 27, 1972, from Mr. Fraser to Miss West, one of the solicitors within Hydro, raising certain legal questions. That is exhibit ~~17~~ ¹⁷.

Mr. Chairman: Exhibit 17.

Mr. W. Hodgson: Is that ~~last one~~ ^{last one} office facilities?

Mr. Chairman: ~~This is 117. The last was~~ 116 Mr. Hodgson.

Mr. Shibley: You notice the first question raised, "Does the agreement in any way infringe on the negative clause contained in the Eurodollar, German and Swiss Prospecti on two counts?"

The ^{second} question raised ^{is} "If the appraised value of the building is below \$44.4 million, then there will be a reduction in the rental payments under the building lease."

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C.B.

(Mr. Shibley)

is
I've been informed that there ~~has~~ now being prepared a letter of understanding between Ontario Hydro and Canada Square to cover this possibility. I've not seen the letter" etc. "From a legal point of view, does this arrangement afford us the protection we require if the appraised building is indeed below \$44.4 million?"

Now those are the questions raised. The answers are then in a memorandum dated November 29, 1972, from Miss West to Mr. Fraser. I ask that it be ^{made} the next exhibit.

Mr. Chairman: 118.

Mr. W. Newman: Mr. Chairman, while we are waiting to put those down, I'm wondering if the senior staff of Hydro all know each other, ~~Because~~ there are so many memos going around?

Mr. Chairman: They'll know their style of writing anyway.

Mr. Gathercole: They will after this.

Mr. Shibley: I think we'll all know them after this.

Mr. Renwick: The Tory members have Hansard to communicate ~~through~~ *Too*.

Mr. Shibley: I'm not even going to comment on this document. It simply says, "no, it does not infringe the negative clause in the bond issue." It covers the points raised.

The next document is an important document compiled by Mr. Lamb who is a financial analyst ~~with~~ ⁵ with Hydro. It is attached to a memorandum of the same date, being December 4, 1972, ~~The~~ memo being from Mr. Lamb to Mr. Nastich and the memorandum referencing a brief styled,

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C.B.

" (Mr. Shibley)

" New Head Office Building, a review of the financial aspects of the ~~agreement~~ agreement with ^{Canada} Square Corporation Limited^{!!}. I ask that the whole of that be made the ^{next} exhibit.

Mr. Chairman: 119.

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H 219 to follow

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M.S.

Mr. Shibley?

Now, in this connection, I'd just like to skim ~~this agreement~~ this document with you. On the first page, "Summary of Agreement: Outline," it references the ~~net~~ net lease, that the "amount equal to the actual principle^A and interest on the permanent financing arrangement by Canada Square, up to a maximum of \$335 per square foot of ~~AGGREGATE~~ ^B ~~rental~~ area, plus \$25,000 for recessed areas^C is payable under that lease.

Then it talks about the building cost, that "three-quarters of ^{THE} difference is passed on to Ontario Hydro." I'm looking now at page 4. It talks of the escalation factor, referable to maintenance of the building. Sub-letting, it references the \$40,000 payable to Hydro, plus 50 per cent of the ~~rental~~ rentals ^{ABOVE} \$6. You've heard about that. The option for janitor service, the abatement of rent in given circumstances.

You notice on page 8, "permanent financing limit," There's a limit of \$45 million in Canadian currency on the permanent financing and "if the appraised value of the building is below \$44.4 million, then this financing limit will ^{ALSO} be lowered." On page ¹⁰ starts a review of the agreement itself. And you'll note: "The major ~~financial~~ financial risks associated with this lease-purchase ^{ARRANGEMENT} were identified in the April report on the building, and we are assessed here in terms of the specific agreement with Canada Square." In "construction costs" it mentions in the ~~third~~ line: "Whilst competitive public tendering ^{WOULD HAVE ASSURED THE} ~~may have indicated a~~ ^{LOWEST} building cost [depending on market conditions] subject to prior approved specifications, the selection of a single developer to design, construct, finance and maintain the building was considered to provide many overriding advantages to Ontario Hydro."

Then on the next page at the top: "The greatest risk arising during construction is the possibility of building costs exceeding estimates and possibly jeopardizing any financing arrangements."

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(Mr. Shibley)

Then later it says: "the protection afforded Hydro against this contingency is an upper limit on building costs and on financing repayments in the agreement. Nevertheless, some thought should be given to the consequences of Canada Square not being financially sound enough to meet any cost overrun."

Then it ~~was~~ says in the second paragraph on page eleven: "cost reductions ~~will~~^{WILL} only be passed on to Hydro in the form of lower rental under the building lease if the appraised value on completion reflects this reduction. There appears to be every incentive on the part of Hydro, therefore, to obtain the maximum expenditure on the building, consistent with agreed specifications. Equally, there is every incentive on the part of Canada Square to minimize the building cost because of the constraints on the potential profits on financing and maintenance components of the agreement."

Then the next page is "Financing Costs". At the top of the page: "This aspect is closely tied with the construction costs, particularly since ^{THE} construction and financing are responsibilities of the same developer. Financing costs represent easily the major component of the annual rental ^{RATE} (about 70 per cent) and will be determined by the amount borrowed and the rate of interest on borrowing."

~~Then~~

Tape H 220 follows

(Mr. Shibley)

~~"... component of the annual rental, about 70 per cent, and
it would be determined by the amount borrowed at the rate
of interest on such borrowing."~~

Then later ~~at~~ down in the page you'll notice the words, "However, it is estimated that the rates given in the agreement will allow Canada Square to borrow between \$42 ~~and~~ and \$45 million at interest rates between eight and nine per cent."

Q Mr. Ranwick: What page is that, Mr. Chairman?

Q Mr. Chairman: 12.

Q Mr. Shibley: Page 12.

Q Mr. Chairman: At the bottom of the page.

Q Mr. Shibley: "It remains to be ~~be~~ seen, therefore, whether Canada ~~Sq~~ Square can obtain the necessary permanent financing mortgage for the building at an attractive rate of interest. Ontario Hydro will only benefit from low financing if the rate falls below eight per cent, not considered likely at this time. In ~~the~~ ^{both} due course Canada Square will have to disclose ~~the~~ the rate of interest and the financing payments under the terms of the agreement."

Mr. ~~A~~ Gathercole, do I take it that even as of this date, Hydro ~~has~~ ^{has} yet to receive full particulars as to the permanent financing?

Q Mr. Gathercole: I haven't seen any documentary evidence of it. I understand it exists.

Q Mr. Shibley: Then, reference is made to foreign exchange being at the risk of Hydro. There is coverage of the ~~the~~ item of operating ^{and} maintenance costs that we have dealt with before; impact on Ontario Hydro bond issue; again, a comment to the effect that "it would not dilute our conventional ^{capital} sources since the available funds would likely originate from a source intended for investment in real estate in any event."

And then, ~~the~~ conclusions are set out, and you'll note on page 17, in the middle of the page, ^{"The method"} of selecting a builder-developer probably satisfied the criteria of

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(Mr. Shibley)

obtaining the lowest building cost, consistent with the standards required, but it will be essential for Ontario Hydro to maintain close supervision during the construction period. A single developer is also able to secure savings through an integrated approach to construction, financing and management of the building and offset possible losses on one or more aspects of the whole development against profits elsewhere.

"In the agreement with Canada Square it is not possible to establish precisely the level or source of profits, although the main areas are expected to be in the construction costs (relative to an appraised value) and any capital cost tax ^{allowances} ~~amounts~~ as available to the company as owners of the building. It is ^{however} important that the costs to Hydro are limited to the levels agreed and that the final rental rate is competitive with alternative accommodation." ^S

Then the appendix is of interest to anybody who is ~~quite~~ familiar with algebraic equations. It sets forth the basic rental formula. I'm not going to ~~attempt~~ attempt to go over it with you, but you can see that it is a variable.

^{There are lots of factors}
Mr. Chairman: ~~That's a variable question?~~ factors.

Mr. Shibley: I'll wait upon one of the financial people to assist me.

Mr. DEans: That's a pretty common formula. We use it all the time. Pretty common.

Mr. Shibley: Yes, of course.

^{as}
There is ² appendix, two examples of changes ~~in~~ in rental costs to Ontario Hydro. Appendix 3, ~~payment of rental~~ certain assumptions. based on ~~Appendix~~ That's a document that will require further study.

Now, Mr. Chairman, I'd like to carry on. The next production I have is a letter from Mr. Gathercole to Mr. Fleck, dated December 4, 1972.

(TAPE H-221 - 1 follows)

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fvk

(Mr. ~~Si~~ Shibley)

~~... a letter from Mr. Gathercole to Mr. Fleck dated December 4,~~

1972 with enclosure. May I ask you to name the next exhibit?

Mr. Chairman: Exhibit 120.

Mr. Shibley: Mr. Gathercole, before I take up the document itself, I understand that as of this date, December 4, ~~1973~~ 1972, in addition to the publications in the press, questions had been ~~asked~~ asked in the Legislature -

Mr. Gathercole: Yes, there were.

Mr. Shibley: - by the Leader of the ~~Q~~ Opposition,

Mr. Nixon. Is that correct?

Mr. Gathercole: That is true.

Mr. Shibley: And was there a request made of your office to provide information -

Mr. Gathercole: Yes.

Mr. Shibley: - so as to in turn provide answers to those questions.

Mr. Gathercole: That is true.

Mr. Shibley: And is the letter of December 4, 1972, which has now been made exhibit -

Mr. Chairman: One hundred and twenty.

Mr. Shibley: - ~~1~~ one hundred and twenty, a letter enclosing to Mr. Fleck the information which was required for the answering of those letters posed by Mr. Nixon? Is that correct?

Mr. Gathercole: Yes.

Mr. Shibley: Was that done on your instruction?

Mr. Gathercole: Yes, the communication would come into my office and I'd pass it on to have the answer prepared.

Mr. Shibley: And in the same way, did you similarly, under cover of a letter dated December 13, send the same ~~data~~ data, which is not reproduced the second time, to the Hon. J.A.C. Auld, Minister of the Environment?

Mr. Gathercole: Yes.

Mr. Shibley: I ask that the letter - the covering letter of December 13, 1972 be made exhibit 121~~9~~.

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fvk

Mr. ~~Chairman~~ Gathercole: Yes.

Mr. Shibley: That letter reads: "This is to advise that six copies of answers to the questions raised by Mr. R.F. Nixon concerning Ontario Hydro's new office building and one copy of the agreement have been submitted this ^{morning} ~~morning~~ to Mr. Carl E. Brannan, Secretary of the Cabinet."

Mr. Gathercole: Yes.

Mr. Shibley: That's your own letter is it, Mr. Gathercole?

Mr. Gathercole: Yes, it is.

Mr. Shibley: And was that done at anyone's request?

Mr. Gathercole: Yes, it was, ^{Yes}.

Mr. Shibley: Who requested that this be done?

Mr. Gathercole: I would think it would come from someone in Mr. Auld's office to mine that we send up those copies.

Mr. Shibley: So that it would be on instruction, or a request from Mr. Auld's office that, not only a copy of these answers be sent to him but also to Mr. Brannan, Secretary of the Cabinet. Is that right?

Mr. Gathercole: Yes.

Mr. Gaunt: Mr. Chairman, may I ask one question at this point?

Mr. Chairman: Mr. Gaunt.

Mr. Gaunt: ^{In} ~~There~~ exhibit 119, for instance, it says that: "There are ~~there~~ still a couple of items to be settled, but I thought it more important that you should have the results of the review to date."

Now, all of this is taking place approximately five weeks after the signing of the agreement. Is there any reason for that? It seems to me that most of this detail should have been worked out at, or about the time, of the agreement, the signing of it.

Mr. Gathercole: Yes, I think all the details of the agreement had been worked out and had been signed on November 1.

Mr. Gaunt: Then, do I take it it was just a matter of —

Mr. Gathercole: There may ~~be~~ have been some of them —

Mr. Gaunt: — churning it through your own ^{MACHINERY?} ~~machines~~. Is that the explanation for the delay?


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fvk

Mr. Gathercole: ~~xxxxxxx~~ As far as I'm aware I don't know to what that ~~xxxxx~~ refers.

Mr. Genest: Mr. Chairman, I'm informed it has nothing to do with the AGREEMENT, ~~(incredible)~~.

Mr. Chairman: Mr. Shibley.

Mr. Shibley: The next document is a document which, I understand, ~~to be wrongly dated April....~~



(Tape H222 follows)

H - 222 - 1

Chairman: Mr. MacBeth

(Mr. Shibley)

~~The next document is a document which I understand~~
to be wrongly dated April 2nd, 1972; the correct date for
this document being April 2nd, 1973, ~~and~~ it is styled, "Ontario
Head Office Administration Building," ~~for the~~ ^{with a} file number. I
believe this document was prepared — well, perhaps, Mr.
Gathercole, you could tell us who prepared this document.

I would ask the members of the committee to make a
note ^{on} this document that it should read April 2nd, 1973.
I might tell the committee that, from its content, it is clear
that it recites the events and so on which were subsequent in
point of time to April 2, 1972, ~~and~~ I am satisfied that the
correct date is '73.

Mr. Gathercole: It was prepared by members of our
staff, Mr. Shibley.

Mr. Shibley: You don't know who authored this?

Mr. Gathercole: It is a draft and I would think that
the major ~~contribution~~ was made by Mr. Candy.

Mr. Shibley: Now, Mr. Gathercole, the first part of
this document, the first eight pages of ~~it~~ ^{seem} to be original
material ~~and~~ then from page 9 and following, would you agree with
me that, in substance, it is the same material as was prepared by
Mr. Lamb, ~~and~~ as set forth in exhibit 119?

Mr. Gathercole: Yes, that is true.

Mr. Shibley: I might tell you that having made my
notes on this exhibit as I was going over exhibit 119, whereas
I had thought that pages 9 and following were a photocopy,
there were variations in that document of April 2nd, 1973,
~~from~~ from the document as originally prepared on December 4,
1972. ~~I~~ I won't exercise you about them at this time but,
for example, on page 12 of what is exhibit 119, reference is
made to the interest rate as being between 8 and 9 per cent,

H - 222 - 2

(Mr. Shibley)

whereas in this document, ~~xxxxxxx~~ when that same subject is dealt with, it talks of interest rates between 8 per cent and $8\frac{1}{4}$ ~~per cent~~ per cent. Do you notice that difference on page 19 of the latest exhibit?


Mr. Gathercole: Yes.

Mr. Shibley: Now is that difference a reflection of different information that had developed in the interval between December, 1972, and April of '73?

Mr. Gathercole: I assume it reflects some information which had been passed on to ^{us} ~~us~~ ~~xxxxxx~~

Mr. Shibley: Otherwise, as I say, the information is substantially - from page 9 and following - is substantially that which ^{was} ~~is~~ in Mr. Lamb's earlier document.

Also, it may be of interest to this committee to note that on page 8 of the latest exhibit is a breakdown of ^(estimate) ~~an estimate~~ of the calculation of developer's net cash flow, ~~and~~
You will note that the annual rental payable by Hydro is \$5,467,000, after deductions for mortgage payments, annual operating and maintenance costs; there is a net loss figure before revenue from commercial area, ^{then} ~~and~~ we add in the revenue from commercial area of \$501,000 - ~~that~~ less the amount payable to Hydro of ~~\$40,000~~ ^{\$40,000} there is an additional ~~\$461,000~~ ^{\$461,000} for a net operating profit before taxes of \$384,565 per annum; an allowance of corporation ~~income tax of 50 per cent~~ ---



Tape H - 223 follows

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6.00 to 6.05 pm
DT

(Mr. Shibley)

~~before taxes of 384,565 per annum, an allowance of corporation~~
income tax of 50 per cent for net cash flow per year of \$192,283
over the 30-year term of the lease. The projection here is
for a - is it fair to characterize the figure of \$5,768,490
as the profit to the developer?

Mr. Gathercole: Yes, that's the calculation made
and it represents an attempt I suppose to take a speculative
approach of trying to ascertain what might be the net cash
flow.

Mr. Bullbrook: ~~Is that~~ ^{Is that} right?

Mr. Renwick: Mr. Chairman, I don't think you could
equate the net cash flow to good profit.

Mr. Shibley: ~~Let's~~ Let's go back over for a moment.

Mr. Deans: Can I just ask a question for
clarification?

Mr. Shibley: All right.

Mr. Deans: Are you asking if that's the total profit?

Mr. Shibley: No.

Mr. Deans: No, okay, thank you.

Mr. Shibley: I just want to go on with this for a
moment. This would be profit based upon these elements entering
into it after taxes, if taxes are paid. Is that correct?

Mr. Gathercole: That's all it is. Net cash flow
to....

Mr. Shibley: Do you call it profit or net cash flow?

Mr. Renwick: Surplus revenue over expenditures.

Mr. Shibley: That's presuming taxes are payable.

Is that correct?

Mr. Gathercole: Yes.

Mr. Shibley: Now, in respect of this breakout, there
is - I will leave that for Mr. ~~Kyan~~ Lamb.

Mr. Chairman: I am sorry, Mr. Shibley, I am not
familiar with it. I think it was represented ~~as~~ ^{as} a rather

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DT

H-223-2

(Mr. Chairman)

venturesome effort to offer some indication of what might be the cash flow, but I look at it as being something like a shot in the dark.

Mr. Shibley: The next document I feel I should table as a matter of record is the document all you gentlemen have already seen because it was tabled in the House as being a letter dated April 25, 1973, from Mr. Gathercole to the Premier.

Mr. Gathercole: Yes, I am familiar with it.

Mr. ~~Gathercole~~ Shibley: May we have that made the next exhibit?

Mr. Chairman: Yes, that will be 123.

Mr. Shibley has one or two things to complete. I know there is a dinner here in the building.

Mr. Deans: It is not in the building.

~~He~~ It is at the Four Seasons.

Mr. ~~Chairman~~: Well, let's finish this income tax...

Mr. Shibley: Mr. Chairman, I would like to ~~g~~ settle on the time ~~for~~ of sittings for next week. Is there any prospect of extending these sittings beyond the three to six hour that has been laid down to this point of time?

Mr. Chairman: Mr. William Hodgson, have you got any thoughts on that?

Mr. W. Hodgson: What's that?

Mr. Chairman: Extending the time of sittings. I don't know what the ideas of the House will be next week.

Mr. ~~W~~ Newman: Mr. Chairman, why not sit on Monday afternoon?

Chairman:
Mr. ~~Walker~~ Again I think there is a dinner next Wednesday, if I recall, is there not?

Mr. Chairman: ^{Any reason} ~~Maybe that's~~ why we shouldn't sit Monday afternoon.

Mr. Walker: I think there's an adjournment of the House.

Mr. W. Hodgson: I don't how you can sit in the evenings.

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Mr. W. Newman: Mr. Chairman, I wouldn't mind sitting evenings, *but its going to be hard on the witnesses.*

Mr. Chairman: Well, I know it is hard on us and it must be doubly hard on the witness.

~~An Hon. Member:~~ What is the House ~~sitting~~ planning to do next Wednesday, do you know, Mr. Hodgson?

Mr. W. Hodgson: I think ^{it} *is going to sit.*

An Hon. Member: That will mean meeting on Wednesday if the House is ~~sitting~~ *sitting or not.*

Mr. Chairman: We will meet on Tuesday at 3 o'clock and I hope on Wednesday in any event.

~~An Hon. Member:~~ What about Wednesday morning, that's what I was.....

Mr. Renwick: I think we should sit Wednesday morning.

Mr. Chairman: Then we are agreed that the schedule for next week will be the same as it has been this week?

Mr. Renwick: ~~W~~ Would it be too much to say we could start at 9.30 on Wednesday morning? Rather than 10 o'clock.

An Hon. Member: That suits me.

Mr. Chairman: Do we agree.

Mr. Shibley: Thank you. That helps me arrange for witnesses.

The committee adjourned at 6.05 o'clock, p.m.

INDEX TO EXHIBITS

Ex. No.	Page No.	Description
97.	195-1	Memorandum to Commission, October 25, 1972 From K.H.Candy, H.J.Sissons and D.J. Gordon re Contract with Canada Square Corp.
98.	195-2	"Advice of Commission Decision" - October 26, 1972 re Consideration of Terms of Contract.
99.	195-2	Letter - October 27, 1972, From Harries, Houser, Brown and McCallum to Chairman and Members of Commission re Renegotiation of Terms of Contract.
100.	196-2	Memorandum of Commission - November 1, 1972, re Revisions to Contract Documents
101.	197-1	"Advice of Commission Decision" - November 1, 1972, re Execution of Documents with Canada Square Corp.
102.	197-2	Excerpt of Minutes of General Manager's Committee Meeting - November 6, 1972 re Memorandum to Commission
103.	198-2	Memo - November 6, 1972 re Min From P. Lamb to K.H. Candy Re Rental Formulae
104.	198-2	Memo - November 7, 1972 re Minutes of City Building and Development Committee.
105.	199-2 & 3	Memo for file - Commission Meeting of November 8, 1972 re Method of Obtaining New Head Office Building
106.	201-1	Memo for file - Committee Meeting of November 8, 1972 re New Head Office Building - Canada Square Corp.
107.	210-1	Sworn Statement - December 27, 1972 - By E.B. Easson re Discussion of Contract Terms at November 1, 1972 Commission Meeting.
108.	211-1	Copy of Clipping - Toronto Sun - September 1, 1972, "Secret Government Study Slams Hydro Bureaucracy: Nixon".
109.	211-1 & 2	Copy of Clipping - Toronto Globe and Mail - November 6, 1972 "The Economics of Hydro"

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Ex. No.	Page No.	Description
110.	211-2	Copy of Clipping - Toronto Star - November 14, 1972 "Hydro's New Status Won't Help the Public, Robert Nixon Claims"
111.	211-2	Copy of Clipping - Orillia Packet and Times - November 10, 1972 "Hydro's Job" (Letters to the Editor)
112.	212-1	Statement - November 15, 1972 From K.H. Candy re New Head Office Building
113.	212-1	Memo - November 16, 1972 From H.H. Candy to G.E. Gathercole re New Head Office Building
114.	212-2	Letter - November 16, 1972 From K.H. Candy to Premier re New Head Office Building
115.	213-1	Memo - November 23, 1972 From H.J. Sissons to N.J. McMurtrie re New Head Office Building
116.	213	Memo - November 27, 1972 From K.H. Candy to J.J. Carroll re Space Definitions
117.	218-1	Memo - November 27, 1972 From S.A.J. Fraser to M.M. West re Agreement with Canada Square Corp.
118.	218-2	Memo - November 29, 1972 From M.M. West to S.A.J. Fraser
119.	M 218-2	Memo - December 4, 1972 From P. Lamb to M. Nastich re Financial Aspects of Agreement with Canada Square Corp.
120.	221-1	Letter - December 4, 1972 From G.E. Gathercole to J.D. Fleck re Questions by Leader of the Opposition
121.	221-1	Letter - December 13, 1972 From G. E. Gathercole to Hon. J.A.C. Audet re Questions by R.F. Nixon
122.	222-1	Draft Report - April 2, 1973 re New Head Office Building
123.	223-2	Letter - April 25, 1973 From G.E. Gathercole to Premier re Contract with Canada Square Corp.

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LEGISLATURE OF ONTARIO

SELECT COMMITTEE

HYDRO HEADQUARTERS

Tuesday, June 5, 1973

224-258

APPEARANCES

Committee members:	J.N. Allan
	J.E. Bullbrook
	I. Deans
	M. Gaunt
	L.C. Henderson
	R.G. Hodgson
	W. Hodgson
	J.P. MacBeth (Chairman)
	W. Newman
	J.A. Renwick
Clerk of the committee:	Paul Moore
Committee counsel:	R.E. Shibley, QC
Ontario Hydro counsel:	Pierre Genest
	James McCallum
Canada Square Counsel:	Douglas Laidlaw
Chairman, Ontario Hydro:	George E. Gathercole
Former Superintendent of Internal Services, Ontario Institute for Studies in Education:	Barry L. Brooks

June 5/73
3.15-3.20 p.m.
E.M.

The committee met at 3:12 o'clock, p.m. in the members' board room.

Mr. Chairman: Ladies and gentlemen, I call the meeting to order. I would again ask Mr. Gathercole if he would assume the witness seat. Welcome! I am again reminding you that you are already under oath - under oath. That was a bad slip!

Mr. Gathercole: I hope I have a few more years.

Mr. Chairman: Under oath. I will turn you over to Mr. Shibley.

Mr. Shibley: I don't know what role I am supposed to play.

Mr. Deans: You had better start digging.

Mr. Shibley: Mr. Gathercole, this is not intended to take you all the way back and cover territory already reviewed with you but, as you know, I spent this morning at the office of Hydro reviewing your minute books and Mr. Easson's files of memoranda respecting commission meetings. I just want to take you back to November of 1971, and in particular November 25 of that year, on which date was prepared, and you received on the day following, Exhibit 26, which was ^{styled,} ~~dated~~ "Notes re Logistics of Head Office Project".

Mr. Gathercole: I remember that one.

Mr. Shibley: Yes, you remember that one. That was the ~~memorandum~~ ^{memorandum} wherein I think it is fairly clear that your general managers were collectively recommending that Hydro seize upon one developer with whom to negotiate the contract for a lease-purchase. ~~xix~~ Is that correct?

Mr. Gathercole: Yes, Mr. Shibley, I would say this was a ~~pink~~ ^{think} piece which was prepared by Mr. Sissons.

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E.M.

Mr. Shibley: Yes. And it is fairly clear from the evidence that led up to that document that the developer they had in mind was Canada Square?

Mr. Gathercole: Yes, I think that would be so.

Mr. Shibley: Now, I found in my review of the minutes that there was, in fact, no minute of any meeting of the commission referable to the head office building until June 29, 1972. I am talking about the minutes during the interval November 25 to June 29. Is that correct?

Mr. Gathercole: Yes, I think that is so, yes.

Mr. Shibley: And neither did I locate any memorandum in Mr. Easson's file of any discussion that was not part of the agenda of any meeting of the commission during the same period.

Mr. Gathercole: Well, that is my recollection.

Mr. Shibley: So that is it fair to conclude that, in fact, the commission never considered the matter of its head office building during the period November 25 to June 29?

Mr. Gathercole: ~~It~~^{He} knew these studies were going on but it itself did not have any involvement in the studies that were being undertaken ~~or~~^{not} did it undertake any conclusions ~~reach~~^{OK} any conclusions with respect to ~~it~~^{them}. The matter was not submitted to it.

Mr. Shibley: Now, Mr. Gathercole, as I read the minutes, it seemed to me that what was happening was that an agenda for ~~a meeting would be prepared by Mr. Easson~~

(Tape H-225 follows)

June 5, 1973
3.20 to 3.25
M.T.

H-225-1

(Mr. Shibley)

~~it seemed to me that what was happening was that an agenda for~~
a meeting would be prepared by Mr. Easson, is that correct?

Mr. Gathercole: Yes.

Mr. Shibley: And the input for that agenda would come from the general managers and other sources, is that correct?

Mr. Gathercole: That is true; that is the system.

Mr. Shibley: And the items on the agenda might number 20; and then the minutes would follow up and there would be 20 items outlined in the minutes themselves?

Mr. Gathercole: Yes.

Mr. Shibley: And no other items would be written up in the minutes?

Mr. Gathercole: That is the general rule.

Mr. Shibley: Right. So that if, and I might tell you there was nothing on the agenda for any of the minutes within that period of time, referable to the head office. ~~Right~~ Right.

~~Mr. Gathercole~~ Right.

~~Mr. Shibley~~ And then Mr. Easson appears to have had the practice of dealing with non-agenda matters as a matter for memoranda, which he incorporated in file folders called Memoranda of Commission Meetings.

Mr. Gathercole: That is true, yes.

Mr. Shibley: And those memoranda, sometimes, expand upon matters that were discussed, and they also deal with matters that were discussed but which ~~were~~ ^{are} not in the minutes.

Mr. Gathercole: That is true.

Mr. Shibley: And just so as we clear up the record of what's been tendered to this committee, I rather that ~~it~~ it is only those documents that are ~~used~~ ^{studied}, Advice of Commission Decisions, which are actually excerpted from your minute books?

Mr. Gathercole: That is true.

June 5, 1973
3.20 to 3.25
M.T.

H-225-2

Mr. Shibley: And all other excerpts or quoted statements of what transpired really are from Mr. Easson's file?

Mr. Gathercole: That is true, and for his own use.

Mr. Shibley: And where there is a disparity, as I pointed up, I think, ~~on~~ⁱⁿ one day's evidence, there was a disparity between the content of one memo to file and another ~~one~~ for the same meeting, ~~it~~^{it} turned out that the one was simply ~~(a)~~^(a) more extended excerpt than the other.

Mr. Gathercole: Yes.

Mr. Shibley: So that there are really only ~~two~~ two →

Mr. Gathercole: And vice versa.

Mr. Shibley: Right. There are only two source materials for the deliberations of your committee and we have now identified them. Is that correct?

Mr. Gathercole: Yes.

Mr. Shibley: Now, returning to the subject I started with, you ~~at~~ told us that a decision was taken after the November 25th memorandum, that you would not proceed with the selection of Canada Square or just one developer and negotiate with it, but rather, were going to entertain negotiations and proposals from other developers.

Mr. Gathercole: That goes back to November.

Mr. Shibley: That's correct. I want to know, if the Commission itself did not reach that decision, how and by whom was it reached?

Mr. Gathercole: Well, it was in ~~the~~ discussions with the general managers, Mr. Sissons himself, and Mr. Candy as well, that there should be other proposals which would be submitted and which would be considered. It wasn't an official Commission decision because it hadn't come to the Commission in that form. It was an examination and exploration of various proposals.

Mr. Gathercole: Well, Mr. Gathercole, Exhibit 26 followed hard on ~~the~~ the heels of Exhibit 25 which is a minute

June 5, 1973
3.20 to 3.25
M.T.

H-225-3

(Mr. Shibley)

of the general managers' meeting of November 22, 1971, and you will note that the persons attending that meeting were Mr. Gordon, who is the general manager, and ^{Messrs.} ~~Mr. J.~~ Banks, Easson, Ireland, Russell, Sissons and ~~Sam~~ Smith, who are a very representative group of the general managers having to do with this project.

Mr. Gathercole: Very true.

Mr. Shibley: And within that same document, the fourth paragraph again makes reference to the fact that "one competent developer has already indicated a willingness to work within a framework incorporating some considerable part of the architectural design which was previously shelved. This could be a reasonable justification for proceeding without the complicating process of soliciting competitive tenders, a procedure which would normally be required." Would you not agree with me that your General Manager and the assistant ~~the~~ general managers had collectively reached ^{the} a very conclusion that was submitted to you in the November 25th memorandum?

Mr. Gathercole: At that point ⁱⁿ ~~at~~ time, there was a pretty strong feeling that this might offer an alternative, yes.

Mr. Shibley: All right, They had decided to go with one developer; the Commission itself never decided to solicit competing proposals because they didn't meet on this question until June. ~~I want~~ .

Tape H226 follows

June 5/73
3:25 - 3:30 pm.
M.S.

(Mr. Shibley)

~~to solicit computing proposals because they didn't meet on this question until June~~

I want to know who made the decision and how it was made, that this recommendation of the general manager and assistant general managers should not be acted upon?

Mr. Gathercole: Mr. Shibley, I don't look on that as being a firm recommendation whatsoever, but rather a matter that was discussed amongst us ~~and~~ It was recognized that there ~~that~~ should be other proposals; that there should be a number of proposals and examination of alternatives.

Mr. Shibley: When you say "discussed among us," who are you talking about?

Mr. Gathercole: Well, I'm talking about the general managers and Mr. Sissons and Mr. Candy, too.

Mr. Shibley: And yourself?

Mr. Gathercole: Yes.

Mr. Shibley: When did that ~~discussion~~ discussion take place?

Mr. Gathercole: Well, it was in the November area.

Mr. Shibley: ~~So~~ It would be after November 26?

Mr. Gathercole: Yes; just at that particular time.

Mr. Shibley: Well, this would not be at a meeting of the Commission?

Mr. Gathercole: No; it wasn't at a meeting of the Commission.

Mr. Shibley: Was it at a meeting of general managers?

Mr. Gathercole: No; it was at a meeting that we had amongst ourselves, in ^{discussing} ~~discussion~~ it amongst ourselves.

Mr. Shibley: Was there no record kept of that meeting?

Mr. Gathercole: No, there wouldn't be any record kept of that meeting.

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M.S.

Mr. Shibley: And ~~was~~ was there any further meeting respecting the direction that should be taken in terms of soliciting competing proposals?

Mr. Gathercole: Well, Mr. Shibley, there were a number of ~~22~~ proposals that were coming forward and individuals who were seeking to participate as a ~~prospective~~ prospective developer or contractor, and these were considered.

Mr. Shibley: We've gone over that testimony -- or evidence, I believe. You say they were coming forward. They had heard that a lease-purchase was in the offing?

Mr. Gathercole: Yes.

Mr. Shibley: And they weren't solicited by Hydro; rather they came asking to be considered?

Mr. Gathercole: Yes. And we ourselves wished to have other alternatives.

Mr. Shibley: Well, now then, again, what I find curious is that in Exhibit 62, which is dated February 1, 1972, Mr. Candy made quite a detailed review of these proposals and indicated on page 10 that the submission by Canada Square included a set of designs, drawings and so on.

~~2-2-2~~ Mr. Genest: Page what?

Mr. Shibley: I'm looking at page 10 of Exhibit 62, dated February 1, 1972. You notice he reviewed the whole of the requirements that had been set forth for the developers. He made a comparative analysis of the submissions made by Ellis-Don, Yolles and Rotenberg, Canada Square and Horizon, and then he seems to lean towards the submission of Canada Square.

Mr. Gathercole: Yes.


Mr. Shibley: Now, again, as I started to say, I find it at least interesting that that submission should have been worked up in such detail and never found its way to the level of the Commission itself.

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M.S.

Mr. Gathercole: Well, the reason for that, Mr. Shibley, is that these matters were in sort of the study stage and they were not formally introduced ~~at~~ at the Commission meeting, because it hadn't approached the stage at which it would be considered for a decision by the Commission itself. It was still in the exploratory stage, although it was moving forward and the Commission was aware of these studies that were going on.

Mr. Shibley: Now, you've said that twice. How was the Commission made aware of what was going on?

Mr. Gathercole: Well, ~~there were~~ on occasional meetings, there were observations made by Mr. Sissons and by others about the imperative necessity of us getting ahead with accommodation to provide space for the expansion of our staff. And also for making more continuing or longer-term provision for it. Because, from time to time, during this period we had been obliged to go out and ~~either justly leasing a~~.....



H 227 follows

H-227-1

(Mr. Gathercole)

~~Because~~ from time to time during this period we had been obliged
(adjust the)
~~to go out~~ and either ~~XXXXX~~ leasing of premises or extend the leasing
of premises. And when this came up from time to time, Mr. Sissons' men
outlined what the situation was; ~~and~~ you know, ~~that~~ ^{that} we were going
out renting more space, or adjusting leases that we had entered into,
and that we should be getting along with the provision of
accommodation on the site that we had there. So there was general
knowledge among the commissioners of the studies that were going on ^{and}
the alternatives that were being considered ultimately for the
erection of this building.

Mr. Shibley: Yet there is no indication of that type of
reporting on the part of Mr. Sissons to the commission either in
the minutes, ~~or~~ even in the more ~~informative~~ informal but more
complete memoranda prepared by Mr. Easson?

Mr. Gathercole: Well, the reason for that ^{was} there was no
formal submission relating to the building or to the studies that
were proceeding, ~~and~~ that isn't the system that is employed. We
have a great many projects which are under constant study which
are not brought to the commission, ^{there} ~~there~~ are innumerable studies
of this kind. ~~and~~ until action is required by the commission, then
it may not appear before the commission. Now we do have a lot of
informal discussion about matters that are related to our operations,
the effectiveness of ^{the} a nuclear ^{power} programme, or labour relations and
so on.

~~XXXXXXXXXXXX~~ Now until it came into being something of a
formal nature, in the form of a recommendation, then it may not come
up to the commission.

Mr. Shibley: Now, then, Mr. Gathercole, exhibit 67, which
is dated April 10, 1972, is a 33-page memorandum prepared by
Mr. Canby and Mr. Mink.

Mr. Gathercole: Yes.

Mr. Shibley: Would you agree with me it is an extremely
comprehensive, in-depth report?

Mr. Gathercole: It is, I agree.

H-227-2

Mr. Shibley: It is the very type of submission that I would have thought was intended for deliberation by the members of the commission itself.

Mr. Gathercole: The information was presented by Mr. NASTich at the June 22 29 meeting. ~~But~~ I read over this report, and as I mentioned before, ~~that~~ I discussed its contents with Mr. Nastich; but it wasn't distributed to our commissioners at this time. They had access to the information ^{that} ~~that~~ had translated to Mr. Nastich on the June 29 meeting. But, Mr. Chairman and gentlemen, you have to realize that these commissioners meet invariably every week, ~~but~~ they come in the morning, but there are a very large number of items which engage their attention. This is only one of them.

Mr. Shibley: I am now aware of that.

Mr. Gathercole: So therefore this is the procedure. They don't become ^{involved} in the details; ~~that~~ isn't their function. And we have had some suggestions ^{made} to us, even more recently, that we shouldn't meet once a week; that we should meet more infrequently. One suggestion was not more than once a month that the board would meet. Now this, I think, is not going to be done. I think because of the complexity ^{and} ~~the~~ the expansiveness of our organization we have to meet more frequently. ~~But~~ I am just trying to make the point that it is not unusual for the commissioners ~~to~~ not to have this report. Now it was made accessible to them, but whether they read it at the June 29 meeting, I don't know. I think Mr. Nastich made it clear if anyone wished to read it.

MR. Shibley: Mr. Gathercole, just in summary then, I take it that the subject of a new head office building being erected under the terms of a lease-purchase agreement was really never a topic for indepth review by members of this commission before its meeting of June 29, 1972?

Mr. Gathercole: That is absolutely true.

Mr. Shibley: And to that point of time, the whole of the responsibility for whatever material was being worked up and the dealings with these developers ^{fell} ~~fell~~ upon the assistant general managers in largest measure?


3:30 - 3:35 pm
CA

H-227-3

Mr. Gathercole: That's right. On our senior management.

Mr. Shibley: On your senior management. All right.

Now then, Mr. Gathercole, I would like to finish up on another topic,
then I



H0228-1 follows

June 5, 1973
3.35 - 3.40 p.m.
M.R.

(Mr. Shibley)

~~...Now then Mr. Gathercole, I'd like to finish up on another~~
~~topic and then~~ I have a few more questions in general.

You ultimately reached agreement with Canada Square under the terms of which, if the building were to cost less than \$34 per square foot, you were to receive a reduction in rental. Is that correct?

Mr. Gathercole: Yes. If the value of the building was less than \$34 per square foot, we would receive three-quarters of the benefit.

Mr. Shibley: I'd like produced to you a memorandum to the commission dated November 24, 1972. This you will note relates to the retainer of Messrs. Hanscomb Roy Associates to prepare a complete estimate of the cost of the project at the outset and for the provision of 12 progress estimates during the three-year construction period to determine the quality of the building at regular intervals in relation to the progress schedule.

And then on Page 2 ~~are the~~ is a breakdown of the expenditures that required approval. Were these expenditures in fact approved by the commission?

Mr. Gathercole: Yes.

Mr. Shibley: Yes, and was that firm of Hanscomb Roy in fact retained to evaluate the building ~~L~~

Mr. Gathercole: Yes.

Mr. Shibley: - Throughout its course of construction so as to give you professional advice at its completion?

Mr. Gathercole: Yes.

Mr. Shibley: And it would be upon their report that you determine whether or not you would have a \$34 per square foot building or something less?

Mr. Gathercole: Yes.

June 5, 1973
3.35 - 3.40 p.m.
M.R.

Mr. Shibley: Was there any provision made whereby their report would be binding upon Canada Square?

Mr. Gathercole: Mr. Shibley, I believe this is the advice that we would receive from them. To my knowledge their report would not be binding on Canada Square. I think there are other provisions in the agreement.

Mr. Shibley: Right.

Mr. Chairman: Exhibit 124.

Mr. Shibley: Now then, that came on before the commission at a meeting of November 29, 1972, and the next document ^{is an} "A" advice of a Commission Decision dealing with the same subject. I needn't review it further.

Could we have that made Exhibit 125?

Mr. Chairman: 125.

Mr. Shibley: Now then, the next document - Mr. Gathercole, the commission of course decided to abandon its previous plans?

Mr. Gathercole: Yes.

Mr. Shibley: I might tell the members of the committee I intend, through Mr. Candy, to introduce before you drawings and perhaps even a model of the building as originally conceived, and he will be making comment, or I will ask him questions, respecting the reasons for abandoning those plans and the adoption of the one-phase construction of a differently conceived building.

Mr. Gathercole, did the commission consider the cost and approve of the payment of the cost of the abandoned plan at a meeting held on December 20th, 1972?

Mr. Gathercole: Yes, it did, Mr. Shibley.

Mr. Shibley: In that connection I'm having produced to you a memorandum to the commission dated December 12th, 1972 which breaks out those costs, Gordon Adamson and Shore and Moffat - \$1,172,000; Richard Strong and Associates - \$8,000; Hanscomb Roy - \$20,000; William Trow - \$6,000; Gordon Adamson and Shore and Moffat - a further account of \$256,688 and adding.

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(Mr. Shibley)
~~Chairman: Mr. MacBeth~~

↓
Moffat for their account of \$256,688 and adding in administration and Hydro co-ordination, \$1,549,490 — was that the sum total of the cost of the aborted plan?

Mr. Gathercole: Yes, it was; including as you mentioned, our own administrative cost ^{an estimate of that.} ~~in that regard~~

Mr. Shibley: Right. And that came on, as I mentioned, for a decision of Commission of the same date; and I am producing you "Advice of Commission Decision" dated December 20th.

Mr. Chairman: 126 was the last one, that memorandum I think will be 127. I am not sure we all have copies of it yet though.

Mr. Shibley: Now, that cost was wholly written off to operations, I understand?

Mr. Gathercole: Yes.

Mr. Shibley: I am producing to you a memorandum from Mr. Fraser to Mr. Nastich, dated December 21, 1972, to that effect. Shall that be made exhibit 128?

I note, Mr. Gathercole, that of the \$1,549,000, approximately \$20,000 could be attributed to have benefit to the new building; and then Mr. Fraser goes on and says:

"However, because of the relatively insignificant amount involved we decided to write off the full amount to operations" so that of the total cost very little was really of benefit referable to the new structure?

Mr. Gathercole: That is true.

Mr. Shibley: Right. Now, Mr. Gathercole, there are some matters generally that I want to deal with you on and the first has to do with other financing by Hydro. I noted in exhibit 13 a reference — perhaps that exhibit should be put in front of you. That is the memorandum dated June 14th, 1971, from Mr. Candy to Mr. Sissons. There is a reference in the second last paragraph to further financing. Was there ever

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(Mr. Shibley)

any ~~part~~ financing effected for Hydro respecting which Mr. Moog provided any assistance or was in any way involved?

Mr. Gathercole: Absolutely not.

Mr. Shibley: Then in the course of your evidence you have indicated to the members of this committee that you were looking for a building of high quality and, I gather, a building comparable to the OISE building?

Mr. Gathercole: Yes, I think that would be one of the standards.

Mr. Shibley: And you yourself ~~-----~~

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Mr. Gathercole: Yes, I think that would be one of the standards.

Mr. Shibley: And you yourself visited the OISE building?

Mr. Gathercole: Yes, I paid a visit to the building.

Mr. Shibley: Now, in that respect, did you consider that the OISE building was of a standard of excellence which was perhaps extravagant for the needs of Hydro?

Mr. Gathercole: No, I didn't think it would be a standard that would be extravagant to meet Hydro's long-term needs. It looked to me to be rather an attractive design. On the other hand, I have considered many other buildings that had attractive designs as well, ~~so~~, and I talked to some of the people in the building who were quite pleased with it, but that would be true of other buildings as well.

Mr. Shibley: I understand that the building is a very elaborate building and a very well appointed building.

Mr. Gathercole: It did seem to me to be quite an agreeable building in the appointments, and just the general accommodations. But beyond that, whether it's a good building, I don't know.

Mr. Shibley: Now then, You have sat through ~~six~~ six days of your own evidence and the production of documents to you, which, I am going to suggest, may even have given you a greater insight into what was going on within your own organization referable to this project.

Mr. Gathercole: It certainly has, yes.

Mr. Shibley: And, I would like to ask you this-

Mr. Gathercole: ~~Everybody~~^Everybody else too, Mr. Shibley.

Mr. Shibley: Well, we are all learning together, then.

Mr. Gathercole, having regard for what you now know of the efforts made by the senior staff of Hydro, are you satisfied that they and yourself and the Commission did all that should have been done to obtain competitive proposals for the development of your head office?

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Mr. Gathercole: Mr. Chairman, hindsight of these is a very valuable asset to have, but I would say we made a very satisfactory search and review and examination of a number of competitive proposals, yes.

Mr. Shibley: In that respect, are you satisfied that having undertaken a deal with four developers, everything was done which was necessary to permit them to stay in the competition until Hydro could make a true comparison of what each of them would agree to provide under the terms of a lease-purchase agreement?

Mr. Gathercole: ~~Yes, I~~ ~ yes, my answer to that is yes, even to the last week ~~even to the last week~~, yes.

Mr. Shibley: I am thinking, Mr. Gathercole, to assist you of the circumstance of the dearth of material that I was shown, at least, indicating follow-up with, let's ^{say} ~~say~~, Horizon, or Yolles ^{and} ~~and~~ Rotenberg, or even Ellis-Don.

Mr. Gathercole: I agree with that, Mr. Shibley, ^TThere wasn't as much follow-up, undoubtedly, as there should have been. On the other hand, no one was excluded and we did use Canada Square's OISE building as a model ~~of~~ which we researched.

Mr. Shibley: What I am thinking —

Mr. Gathercole: But, on the other hand, we certainly weren't excluding the others.

Mr. Shibley: What I am thinking of, Mr. Gathercole, is this: It seems to me that in the case of Canada Square, there was a continuing negotiation which took place, is that correct?

Mr. Gathercole: Yes, I would say review and negotiation.

Mr. Shibley: And as time went on, there was a refinement, so to speak, of the terms of dealing with that company, is that correct?

Mr. Gathercole: That is true.

Mr. Shibley: So that in the early stages they had the benefit of, let's just call it, more exposure to some of your people, and after the submissions were put in, they had the

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C.B.

(Mr. Shibley)

~~we have the~~ benefit of continuing negotiation.

Mr. Gathercole: Yes, that is true, I believe.

Mr. Shibley: In the case of the other three developers no such continuing negotiation took place.

Mr. Gathercole: ^{There} ~~There~~ were shorter negotiations, or shorter discussions, but on the question of whether no continuing negotiations took place, I am not able to answer that.

Mr. Shibley: I'm going on the basis of the documented material, and I put to you that, for example, no one went back to Horizon and said, "What do you really mean by maintenance cost?"

Mr. Gathercole: I think that is true, yes.

Mr. Shibley: Nobody went back to Ellis-Don and said to them, "When you quote \$30 per square foot inclusive of other factors, like the cost of interim financing, etc., would that work out ~~the~~ to \$34 or \$32 per square foot cost to you of the building?"

Mr. Gathercole: That is true.

Mr. Shibley: No one went back and put to the other developers, "If there is an increase in the cost of financing, are you prepared to accept that risk as your own, saving Hydro harmless?"

Mr. Gathercole: Yes.

Mr. Shibley: So that in the case of the other three developers there was no follow-through with them, isn't that so?

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C.B.

Mr. Gathercole: Yes, ~~Mr. Gathercole~~ That is true, yes.

Mr. Shibley: And for that reason would it not be extremely difficult to make a real comparison of the proposals of the other three developers? I shouldn't say proposals; wouldn't it be difficult to make a real comparison of what the other three developers would ultimately agree to do?

Mr. Gathercole: Yes, I think what you say is correct.

Mr. Shibley: Yes.

Mr. Gathercole: It was a matter of negotiating with—for our people to negotiate with the company to obtain the best terms, but not closing the deal to them.

Mr. Shibley: My point, Mr. Gathercole, is that if Hydro did not pursue the same type of negotiating effort with at least one or more of the other developers, how can you say that you are satisfied that everything was done in order to permit Hydro to make a true comparison?

Mr. Gathercole: We had examined, or our people had examined the various proposals and had come to the conclusion that ~~was~~ the best deal in the end could be done with Canada Square, providing certain conditions were met.

Mr. Shibley: But how can you come to that conclusion without knowing what these other developers would accede to, following more intense negotiations with them, if you never conducted those negotiations?

Mr. Gathercole: There were negotiations conducted with them, but not in the follow-up stage that you are saying.

Mr. Shibley: Mr. Gathercole, on another topic. I want

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to know whether you have any knowledge or any information that any member of a commission or any member of the staff of Hydro was influenced in the awarding of this contract by the fact that Mr. Moog was a friend of Premier Davis?

Mr. Gathercole: I have no such knowledge whatsoever.

Mr. Shibley: Or whether they were influenced by the fact that Mr. Moog or any one of his companies contributed to the support of the Progressive Conservative Party?

Mr. Gathercole: I have no knowledge on that at all. As far as I know there was no — it had no effect whatsoever.

Mr. Shibley: Were you ever party to any discussion or did you ever participate or overhear or read any document that in any way indicated to you that the circumstance of the friendship between the Premier and Mr. Moog was a factor affecting the judgement of the people who had to do with deciding who would do the head office building for Hydro?

Mr. Gathercole: I did not.

~~Mr. Shibley~~



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E.M.

H-232-1

(Mr. Shibley)

Mr. Gathercole, you have said that but for limits upon your financial resources, Hydro definitely would have built and financed the building itself. Do you remember giving that testimony?

Mr. Gathercole: Yes, that would have been my preference and the preference of all of us.

Mr. Shibley: You have also said that this was the first lease-purchase agreement entered into by Hydro?

Mr. Gathercole: Yes.

Mr. Shibley: You have also ~~indicated~~ indicated that this was to be an elaborate and expensive building costing in excess of \$44 million?

Mr. Gathercole: Yes.

Mr. Shibley: Now, in light of what has now been outlined to you, do you not think it would have been proper for Hydro to record its intentions to the responsible minister at a time when Cabinet itself could have reviewed the matter and contributed to the decision-making process?

Mr. Gathercole: Mr. Shibley, I think you have to look at it in perspective, ~~that~~ ^{that} we had been planning to provide accommodation ~~space~~ for our staff back as far as 1968 and for a combination of reasons, economic primarily, we deferred it in 1969 after very elaborate plans had been prepared. We had seen the time pass when the costs of building had been ^{rising} ~~rising~~ as well as the ^{dis}economies increasing as a result of our staff being located in scattered premises. The fact of the matter is, gentlemen, Ontario Hydro had full authority to proceed on this, there isn't any question about that. It has been the subject of debate in the Legislature, I believe it was in the fall of

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Mr. Gathercole

1968, in which the Premier at that time, Mr. Robarts, said that Hydro had the responsibility of proceeding with the construction of ~~the~~^{its} building. Hydro has built up the reputation it has in world affairs today, in the energy field, because it is a business corporation ^(and is expected,) and the commissioners are expected, to carry on their affairs as they see them, as they assess them, from a business point of view. ~~And~~ If it is not going ~~to~~ to be able to do that, then it ought not to be a separate commission.

But we did recognize, taking that into account, we did recognize that this was an important consideration and we put the matter up before the Premier. We advised the Premier; I ~~ad~~ advised Mr. Auld, who was the minister responsible in the Legislature for reporting on Hydro ~~and~~ We felt that maybe there might be some overriding factor which they might advise us about and say, "Well, we think the timing isn't right" or something of that sort. But it was our decision to ~~a~~ make and we made it.

Mr. Shibley: All right, Just to put things in perspective, I might tell you, Mr. Gathercole, quite independently of your own people, we have done a little research on Hydro. I understand that Hydro is, literally, one of the three largest utilities in the world, is that correct?

Mr. Gathercole: ^{It is the} ~~The~~ second largest in North America, just running second to Tennessee Valley Authority, which was modelled after Ontario Hydro.

Mr. Shibley: The only other one in the world of comparable size is that in England?

Mr. Gathercole: Well, England and Russia have big systems, too. We are, let us say, in the first half dozen, yes, that is right. I might say we are one of the largest corporations

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E.M.

Mr. Gathercole


in Canada. ^(find we) We are renting an increasing amount of space in premises removed from our present head office, which meant so many people were travelling backward and forward and spending, maybe, if they were attending meetings, as much as an hour a day in transportation. This is not ^(an) economical way to operate.

Mr. Shibley: What I was driving at, Mr. Gathercole, I gather that, relative to the size of your overall operation, ~~it~~ \$44 million, ~~is~~ is not a project that is exceptional?

Mr. Gathercole: It isn't; and as I mentioned the other day — it is exceptional in a way, I beg your pardon, ~~it~~ it is a great deal of money.

Mr. Shibley: You don't want to get caught in ^(the) what's ~~the~~ \$44 million? ~~is~~ bit.

Mr. Gathercole: No, I certainly don't, It is a great deal of money and we are conscious of it as well, But we do place orders for ~~thermal~~ ^{turbo} generators which can run into the \$40 million range and ~~we don't see~~



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M.R.

(Mr. Gathercole)

~~...place orders for turbo generators which can run into~~
the \$40 million range and we don't seek advice or suggestions,
and quite properly we don't. ~~and~~ That's why Hydro has added
the strength to Ontario that it has, because it has been able
to function as a business enterprise and to exhibit some of
the creativity and imagination which is required in these
areas.

Mr. Shibley: Mr. Gathergale, I only have one further
question to put to you and it has to do with the last issue
that this committee must decide upon. Do you have any
knowledge or any information of a threat made by any one to
one of the developers that was competing for this project?

Mr. Gathercole: I have no knowledge of that
whatsoever.

Mr. Shibley: Do you have any information?

Mr. Gathercole: I have no information.

Mr. Shibley: Those are all my questions.

Mr. Renwick: Mr. Chairman I have just three or
four questions. Would it be fair, Mr. Gathercole, to say that
Hydro is expert in buying generators but not expert in
building new head office buildings?

Mr. Gathercole: I would say, Mr. Renwick, it has had
its difficulties with building its head office buildings,
because I remember back in 1934 when Mitchell Hepburn
cancelled the head office which was under construction at
that time, at the sixth floor and ^{it} wasn't completed to its
present height of 16 floors until 1939. But what you say might
be quite true.

Mr. Renwick: If I may, Mr. Chairman, where,
Mr. Gathercole, did this figure of \$34 ~~mm~~ first become fixed
in your mind as the standard or ~~the~~ ^{as Mr. Allan} said the
other day ~~the~~ the bench mark figure for the construction of the
building?

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Mr. Gathercole: Well when it was submitted in data by our chief architect. ~~W~~

Mr. Renwick: I was interested, Mr. Gathercole, in noting that in the very first review on July ~~14~~ 16th, 1971, in Exhibit 14, being the study about the OISE building, that the first reference that we have is that ^{it} it appears to be a well-built, well-appointed building at a cost of \$34 per usable square foot of floor space. ^{it}

Could I take ~~it~~ ^{it} Mr. Gathercole, that that is the origin of the \$34 figure?

Mr. Gathercole: I don't know, Mr. Renwick. I don't know.

Mr. Renwick: Now, if I may deal a little bit with this relationship between the government and the commission. Precisely, the relationship between the chairman of the commission and the Premier or the responsible ministers in government ~~at~~ with whom he may be involved ~~at~~ the present time ^{Mr. Auld}, through whom the report is made to the Assembly, the Treasurer ~~at~~

Mr. Gathercole: On financial matters?

Mr. Renwick: Yes. On financial matters. Would it be fair to say that although ^{as a} ~~the~~ legal matter, the final decision rests with the commission and although as a business matter a decision of importance rests with the commission, that, nevertheless, over the period ~~of time~~ that you have been involved with ^{Hydro} it has been the practice on at least an informal basis for the chairman to consult with the Premier or the ministers responsible?

Mr. Gathercole: That is true, yes. On matters such as transmission lines, routes and things of that sort.

Mr. Renwick: Isn't it correct to say that the tradition of Hydro has been a continuing period of informal but important communication between the Premier of the Province and the Chairman of Hydro?

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Mr. Gathercole: That has been so, Mr. Renwick,
subject to, you know, the demands of many other things upon
the Premier's time, yes.

Mr. Renwick: I understand. Is it not correct
that, as reflected in the minutes^S of the meeting which I
think is Exhibit 6 in January of 1970,

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(Mr. Renwick)

~~his Exhibit number 6 in January of 1970~~, the then Premier, Mr. Robarts, with whom you had discussed the matter of the head office building, in fact, advised that you not go ahead, and his advice was accepted?

Mr. Gathercole: Yes, ^{it was} ~~in~~ a combination of circumstances, He added that the Province was pulling back on some construction projects and obviously we'd be in conflict with the Province.

Mr. Renwick: And the minutes of that meeting reflect that on the advice of the Premier the deferment of the new building took place?

Mr. Gathercole: Yes.

Mr. Renwick: Now, consistent with ^{the} ~~that~~ informal, but important relationship between the Premier of the Province and the Chairman of Hydro, is it not correct that in March of 1972 in your memorandum to, I think it was Mr. Sissons, you indicated that you wanted to be in a position along about April, as Mr. Gaunt had mentioned in an earlier ^{question} ~~one~~, to put proposals to the Premier and to the other cabinet officers involved?

Mr. Gathercole: That's true. That is true.

Mr. Renwick: And that was consistent with this tradition of informal but important relationship?

Mr. Gathercole: That is true.

Mr. Renwick: And ^{then} ~~that~~ then on your trip to Japan you took the opportunity of bringing the Treasurer of the Province up to date with your thinking and the thinking of Hydro about the new head office building?

Mr. Gathercole: ^{Yes.} May I?

Mr. Renwick: Yes.

Mr. Gathercole: At the opening of the Pickering development I did mention to the Premier that we had been receiving some proposals concerning our head office building and the Premier

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(Mr. Gathercole)

^{should}
suggested that I discuss the financing of this with the Treasurer, because it had become something of a policy of the Treasurer, ~~that~~, as well of our own treasury department, that we shouldn't impose upon our conventional sources of borrowing the additional cost of the building. And so I checked that out with Mr. McKeough and he said, "Well, ^{it's} ~~that's~~ our view, that we don't think you should be imposing that additional burden upon our conventional sources, in order to raise money for your building; that the Province itself had gone the route of lease-purchase and maybe you should."

Mr. Renwick: What was the date of the Pickering opening?

Mr. Gathercole: I think it was February 25 or something.

Mr. Renwick: In February of 1972?

Mr. Gathercole: Then we went in ~~the~~ April, ~~yes~~.

Mr. Renwick: Then on the trip to Japan you discussed this matter, briefed the Treasurer, brought him up to date in an informal way with your thinking about it?

Mr. Gathercole: Yes.

Mr. Renwick: And then on your return, consistent with this informal but important relationship with the government, ~~that~~ you wrote to the Premier in May, which is one of the exhibits ---

Mr. Gathercole: Yes.

Mr. Renwick: May of 1972, in which you requested some response from him.

Mr. Gathercole: Yes, that's right.

Mr. Renwick: And no response was forthcoming, is that correct?

Mr. Gathercole: That is true.

Mr. Renwick: And somewhat later on ~~you sent the~~ despite the fact there was no communication, you then sent -- ~~let~~ me go back the other way. The Treasurer had indicated that you were

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(Mr. Renwick)

to get in touch with the Ministry of Government Services on the
space
~~xxxx~~ problem ---

Mr. Gathercole: Yes.

Mr. Renwick: --- but that was not followed up?

Mr. Gathercole: Yes.

Mr. Renwick: Then in July you sent to Mr. Fleck's
home the first draft, or an early draft, of the proposed announcement
about the arrangement with Canada Square?

Mr. Gathercole: Yes, I ^{think} ~~did~~ ^{point about} the ~~A~~ sending it to
^{pulling} his home was covered completely.


Mr. Renwick: All right. I didn't mean to ---

Mr. Gathercole: It's been analysed.

Mr. Renwick: I meant that just by way of
identification of the document. And then there was the brief
note from Mr. Fleck at that point in late July of 1972, that the
decision was yours, but the Premier wanted to be kept informed?

Mr. Gathercole: Yes.

Mr. Renwick: Now, Mr. Gathercole, in that sequence
of you, as chairman, ~~sequence~~.



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P.L.M.

(Mr. Renwick)

.....Now, Mr. Gathercole, in that sequence of you as ~~xxxx~~ chairman

endeavouring to keep the government informed and to have this informal discussion in accordance with that tradition, what conclusion did you draw from the fact that there was a breakdown in that communication? And that, if I may use the term, the "freeze" came on and you had no access ^{with} to the Premier or the senior members of cabinet, ^{with} whom, over the years, this informal but important relationship had been established?

A Mr. Gathercole: Mr. Renwick, I don't look upon it as being a breakdown in the communication. I don't look upon it in that way at all. We were putting up a proposal that we wished to go ahead with the construction of a building that was costing the power users of the province a very substantial amount of money and we wished to get ahead with ~~that~~ construction of ~~the~~ building.

A I would conjecture that by reason of the ~~any~~ delay, from going back to 1968 to the middle of 1972, it cost the power users of the province as much as \$10 million and, I could see ahead, that if you didn't get on with constructing that building it was going to cost them \$10 or \$15 million in the next four or five years. So, we proceeded. We gave them an opportunity to discuss it and to exercise an over-riding responsibility on it ~~and~~ and we went ahead.

A Mr. Renwick: Well, I refer, Mr. Gathercole, to your letter to the Premier of May 16, in which you referred to the trip with Mr. McKeough.

A Mr. Gathercole: Yes. the diseconomies

A Mr. Renwick: ~~about the diseconomies~~ and the scattering of your organization: "Start the government procedure ball rolling by having the Ontario Department of Public Works review it. I would be very pleased to have your advice."

A Now, consistent with your experience as vice-chairman of Hydro from 1961 to 1966.

A Mr. Gathercole: As vice-chairman, yes.

A Mr. Renwick: Vice-chairman, and as chairman from 1966 until the resignation of Premier Robarts, ^{from} and ~~on~~ the assumption

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(Mr. Renwick)

of office

by Premier Davis, did you not consider that you would have received a reply to that letter to the Premier?

Q Mr. Gathercole: Not necessarily. I took it that it was our responsibility that we go ahead and should proceed with it and that was our decision to make.

Q Mr. Renwick: I have no further questions at this time, Mr. Gathercole.

Q Mr. Shibley: I might tell the members of the committee, as I intended mentioning to the witness, that he is subject to recall. ~~and~~ If evidence should be developed from other witnesses, or other documents that are tendered, respecting which this, or any other witness, should be recalled to give further testimony, ^{it} would be my advice to the commission to do so and the witnesses should be alert to that requirement.

Q Mr. R.G. Hodgson: Mr. Chairman, I have one question. ~~that I would like~~

Q Mr. Chairman: Mr. Glen Hodgson.

Q Mr. R.G. Hodgson: When you were in Japan, ~~or~~ discussing with the Treasurer, the matter of the proposal, ^{suggested} it was ~~mentioned~~ in the memo that ~~the Government Services~~ Government Services or ~~of~~ the old Public Works Department should review, ^{was} it mentioned in that connection that the Government Services had been successful in saving some money, or having negotiations in saving in regard to the OISE building when they reviewed it? Would that be the reason that the government Services ~~was~~ was supposed to come into the picture?

Q Mr. Gathercole: It could be, yes. They had had a considerable amount of experience in that regard, and I just took it that it was our responsibility that we should proceed to go ahead with that building, ~~because~~ because of the additional costs that were going to ^{be} borne by the people of Ontario.

Q Mr. R.G. Hodgson: But I wondered why Government Services were considered as being people that could look at

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(Mr. R. G. Hodgson)

Government Services were considered as being people that could look at the proposal. Was it a judgment^e or was it a consideration that they could add the benefit of their views to Hydro people at that time, in looking at this matter and might consider its resultant ~~savings~~ savings?

Mr. Gathercole: Mr. Hodgson, as I had tried to make clear earlier by reading a letter which Mr. Hilliard had written back in 1968, it was quite different.

Mr. R. G. Hodgson: No, but there were two ~~xxx~~ things in regard to it. It might be in regard to accommodation or it might be in regard to their review of the proposal in making a possible savings. And I am wondering which one it was.

Mr. Gathercole: On the other hand, the department of Government Services has not normally participated in the Ontario Hydro programme. I mean, we are a separate organization, a business enterprise, and accordingly, you know, what the province does^{of} the Government Services department undertakes, is for the various departments. It's a big subject itself, it's a massive responsibility.

Mr. R. G. Hodgson: But you yourself have —

Mr. Gathercole: — And what we have is specialized.

Mr. R. G. Hodgson: You yourself have no knowledge of Government Services making savings in the OISE position?

Mr. Gathercole: Well, my understanding is that it worked out financially very effectively, but I haven't made a detailed study of it personally, I don't know.

Mr. R. G. Hodgson: Nobody mentioned ~~to~~ to you that —

Mr. Gathercole: But Mr. ~~xxxx~~ Candy and others, our financial people, have indicated that it was a very successful business arrangement.

Mr. R. G. Hodgson: Thank you, Mr. Chairman, That's the only question I want^{ask} to ask.

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M.T.

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Mr. Chairman: Gentlemen, there ^{will be} a vote ~~question~~ in the House, ~~probably~~ ^{probably} in about five minutes. If our questions are short, I would hope perhaps we could dismiss Mr. Gathercole before we have that vote. Now, Mr. Allan, you had a question?

Mr. Allan: I think someone indicated that the cost of the OISE building was \$34 per square foot. I find it difficult to think, ~~that~~ ^{regarding} that figure of \$34 a square foot, that you would get the same building at this time as you would have got at that time. Perhaps I shouldn't ask Mr. Gathercole this; I should ask someone else.

Mr. Gathercole: I didn't think it was quite \$34, the OISE building, but there are experts here, people who know this.

Mr. Shibley: Yes, Mr. Allan, I really think Mr. Candy, in particular, can be helpful on that.

Mr. Allan: Yes, I think so.

Mr. Shibley: He's got, or there is documentary evidence as to the comparative cost of building sites, the Commerce Court and the TD tower etcetera. That will be going into evidence.

Mr. Chairman: Mr. Newman.

Mr. Newman: Yes, one very quick question, Mr. ~~Mr.~~ Gathercole, ~~on the point of~~ ^{Following} Mr. Shibley's questioning here regarding the following-up of the ~~other~~ ^{and} companies, the less contact with the other companies. Now after you had been given your prices per square foot and looking at all proposals, you finally had some idea that Canada Square was probably the best deal, having looked at the OISE building and so on and so forth. Is it good practice in your company that you ~~it~~ wouldn't have as much contact with the other companies after you had made preliminary investigations and preliminary estimates on the matter?

Mr. Gathercole: Mr. Newman, it's a very common procedure in the private sector. I mean, invariably, this is the way in which it is done. The company ~~it~~ makes an arrangement, it examines the

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(Mr. Gathercole)

~~xxxxxx~~ prospective developer or builder or contractor and then it sits down and negotiates with it. Now in a public organization you can't do that. On the other hand, sometime you've got to pick out somebody, make a selection, because you are trying to buy a very complex, sophisticated package. It isn't like buying a dozen grade A eggs or Prince Edward Island potatoes. You are buying a very complex package and you can buy one from \$22 a square foot right up to \$60 a square foot. And I have talked to people in this field, There are buildings going up in Toronto which cost \$60 a square foot today—I am told of one, anyway.

Mr. Chairman: Gentlemen, if there are no other questions →

Mr. Gaunt: Well, Mr. Chairman, I ~~have~~ have some questions with respect to the financing. There are some things that still bother me with respect to that. I don't know whether Mr. Gathercole is perhaps the one to address these questions to, but, in any case, let me start ~~and if~~...

→ Tape H-237 follows

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(Mr. Gaunt)

perhaps the one to address these questions to him but in any case let me start and if Mr. Shibley thinks that these questions are more properly addressed to another witness, why, let him interject. But I am wondering, Mr. Gathercole, in the final agreement, as I understand it, Ontario Hydro has what in effect is an agreement to back-up the financing of Canada Square. In effect, it is a lease assignment, as I understand it. Canada Square is subordinated to the lender in terms of servicing the principle and interest. Ontario Hydro also agrees to absorb any fluctuation in the foreign exchange.

As I read the documents, they have agreed to actually pick up the escalation costs with regard to maintenance after the first 12-month base period. Now, I am wondering, were these particular items ever transmitted to the other developers as items of negotiation and as items of some considerable give and take, if I may put it that way?

Mr. Gathercole: My understanding, Mr. Gaunt, is this: These negotiations with Canada Square ensued following the decision of the commission to accept Canada Square for negotiation and then these additions were negotiated. Our people didn't go to Horizon or others to say - well, what would you ^{negotiate} ~~negotiate~~ here and what ^{and what would you negotiate here} ~~trade one off~~ against the other because, as nearly as I can understand, this isn't the most common practice. It isn't the practice ^{and} the procedure but this is my understanding and I think it would be better ~~to~~ you know, we have people who are much more knowledgeable and conversant with these matters ~~to~~ to deal with them.

Mr. Gaunt: So, if I understand you correctly, you made the decision to let the contract to Canada Square and then these items became subjects for negotiation.

Mr. Gathercole: Yes.

Mr. Gaunt: Is that the proper ~~an~~ interpretation?

Mr. Gathercole: What I am saying, Mr. Gaunt, is this; ^T there were many matters that were negotiated earlier and there were some additional items that were negotiated late in

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the agreement, even beyond the meeting of October 26. I want to make that clear. Even with the meeting of October 26, we said, "We are not going to accept unless there are certain other concessions." I believe that was at the meeting on October 26.

Mr. Gaunt: Let me deal with the financing specifically.

I notice that of the four proposals that were submitted, the interest rates of the other three ~~were~~ all were eight per cent. The interest rate or the proposed interest rate at which Canada Square could borrow at ~~that~~ that particular time—and I haven't got the exhibit in front of me but I think it was ~~an~~ an exhibit filed early on.

Mr. Gathercole: Yes.

Mr. Gaunt: — Indicated that Canada Square could possibly get their financing for 6½ to seven per cent at that particular point in time. ~~and~~ My question to you is, would you not assume by that interest rate that that was money that was being obtained perhaps in some European market?

Mr. Gathercole: Yes.

Mr. Gaunt: And would you not assume by that interest rate that there was a ~~guarantee~~ guarantee, or at least there was an indication that that money was going to be sufficiently backed by a long-term lease of a substantial corporation or a government body?

Mr. Gathercole: I would say that that would apply to all of the developers. I mean a very few of the developers go out and borrow ~~money~~ ^{over a long term} without having an reasonably assured source of income to amortize the indebtedness.

Mr. Gaunt: It may be what I am coming to, Mr. Gathercole. ~~Now~~ I am wondering if you know of whether there was

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(Mr. Gaunt)

~~So I am asking if you were at the time there was~~ any willingness indicated to Canada Square, exclusive of the other builders, that Ontario Hydro was willing to support the borrowing of this nature?

Mr. Gathercole: No, I am sure there wasn't. I don't attribute ~~the~~ significance as some people do to rates of 6½ per cent, or 7 per cent, or 7½ per cent, or 8 per cent. Mr. Allan knows this very well. It depends on how much it costs you ~~to get~~ to obtain the money. One interest rate is not meaningful in the sense that you have to look at the other factors ~~how much it cost you to get~~ the money.

Mr. Gaunt: So ~~that~~ you don't attach any particular significance to the fact that Canada Square throughout the entire piece has been shown to have the lowest interest rates, or the potential for borrowing money at the lowest interest rates?

Mr. Gathercole: Perhaps I should qualify to a degree what I said before, in this sense, that if a builder has access to money at, say, 7½ per cent or 8 per cent ~~and that's the cost of money to him~~ ~~somebody has access to money at 8½ per cent~~, then I am likely ~~to~~ to go with the builder who can get the money cheaper. Yes, because he has some room there to provide a higher quality building than the other developer.

Mr. Gaunt: My point is really this, Mr. Gathercole; I am wondering if, in fact, the reason why Canada Square was able to ~~give that better interest rate was because of prior knowledge that they had which wasn't available at that point in time to the other developers?~~

Mr. Gathercole: There wasn't any prior knowledge. As far as Canada Square is concerned, it didn't know it would receive the contract until, I suppose, well on into the late summer of 1972, and it even didn't know it then until ~~the~~ the agreement was signed by us. Not as far as I am concerned anyway.

Mr. Gaunt: One final question, Mr. Chairman. Did you ascertain, Mr. Gathercole, whether in fact you did sign that commission minute meeting under Exhibit 105?

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Mr. Gathercole: I'm delighted you asked that question because I would very much like to clear it up. The one excerpt which is in ~~the memorandum~~ quotation marks, was lifted from his memorandum to file, and was not in the minutes. I signed the minutes, but that excerpt was not in the minutes. ~~It~~ was not. Do I make myself clear? Mr. Shibley might be able to answer.

Mr. Gaunt: Is there any particular reason why it wouldn't be in the minutes?

Mr. Gathercole: Except that this was one of the secretary's memoranda to file, something he dictated ~~the~~ the day after the meeting. A few days after the meeting, there had been a recollection of conversations which had ensued, and that went into his file. I haven't seen those memoranda. They are reminders to him. The other one, which is dated, I believe November 8th January 8, what was it, November 8? In any event, whichever one —

Mr. Gaunt: November 8 was 105.

Mr. Gathercole: Yes. It was a direct excerpt ^a quotation from the more extended memorandum. If you look at it you will see that it is just —

Mr. Shibley: I examined those, Mr. Gaunt, myself this morning, and the chairman is quite right. Any disparity is just a disparity resulting from transcription. What has happened is ~~is~~ ^{is} somebody must have been sent a memorandum of only part of his memo to file. It was an excerpt from his memo. What was produced to me as the second document was the whole of his memorandum to file. Both documents were prepared by Mr. Mason, as appears from the file.

Mr. Chairman: Gentlemen, I understand they ~~are~~ wish to take a vote up in the House right away. I don't want to cut anybody short who may wish to further examine Mr. Gathercole, but I gather you are through, Mr. Gaunt?

Mr. Gaunt: YES, I am.

Mr. Chairman: ~~Then~~ Then if everybody is through, we will dismiss you, Mr. Gathercole. Like the song, "I've grown accustomed to your face" and I'm going to kind of miss it when you leave there, but I am sure maybe we will see one another ⁱⁿ ~~most~~ ^{more pleasant} ~~later~~ ^{the next stop.} circumstances. Thank you for being with

H-238-3

(Mr. Chairman)

us ~~for~~^{so} long. I know ~~it~~ hasn't been easy for you. But we have appreciated your help and ~~co~~^{co}operation.

Mr. Gathercole: Thank you, Mr. Chairman.

Mr. Chairman: We will adjourn, gentlemen, until the vote in the House is over, and I would hope we would assemble here within five minutes of the vote being taken in the House.

The committee recessed at 4:30 o'clock, p.m., for a vote in the House and reconvened at 4:45.

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E.M.

Mr. Chairman: Ladies and gentlemen, I call the meeting back to order and I would ask Mr. Shibley to proceed.

Mr. Shibley: I call on Mr. Brooks, please.

BARRY LIVINGSTONE BROOKS, sworn

Mr. Shibley: Mr. Brooks, I understand that you are the superintendent of internal services at what we have been calling the OISE building or with that institute, I should put it that way.

Mr. Brooks: I was until a month ago.

Mr. Shibley: What is your present occupation?

Mr. Brooks: Commissioner with the Red Cross, Ontario Division.

Mr. Shibley: Would you assist the committee by giving them some history of your background? I understand that you have a Master's Degree?

Mr. Brooks: Yes, I have a Master's Degree in business administration ^{in the} ~~and~~ finance programme. I also am an ordained minister of the United Church of Canada, holding ^{both} a B.A. ^A and B.D. degree. I have had retail merchandising experience and was comptroller of a book publishing company. I am father of five children. I am not quite sure how far you want me to go.

Mr. Shibley: I think that is ~~far~~ far enough, just to give me some background.

I might tell you reference was made to me earlier about you had to think twice about who you are going to get into bed with for 30 years!

I want to take you back to April of 1971, and there has been evidence given at or about that time there was a communication between yourself and Mr. Sissons, Mr. Henry Sissons,

(Mr. Shibley)

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who is an assistant general manager of services with Ontario Hydro. Now, do you remember getting together with Mr. Sissons in April of that year?

Mr. Brooks: I do.

Mr. Shibley: And would you tell the members of this committee the circumstances surrounding your meeting with Mr. Sissons?

Mr. Brooks: I initiated a meeting with Mr. Sissons to discuss a matter of importance at Victoria University, which is a university of the United Church of Canada, and called upon him at his office at my initiation to discuss that matter.

Mr. Shibley: Now, did you then initiate the communication with him?

Mr. Brooks: Concerning Hydro?

Mr. Shibley: No, ~~the~~ just getting together with him.

Mr. Brooks: Yes, I did.

Mr. Shibley: And as I understand it, there was a vacancy, the president's office at Victoria College at ~~that~~ that time?

Mr. Brooks: Yes.

Mr. Shibley: I am sorry to be so precise but I want the committee to understand the circumstances of your getting together. Mr. Sissons is a governor?

Mr. Brooks: He is a member, or was at that time, I don't know whether he is now or not, but at that time was a member of the board of governors at Victoria.

Mr. Shibley: Yes, and he would have to do with the selection of whomever would fill that vacancy?

Mr. Brooks: I do not know whether he was on the search committee or not but he was one of the members whom I

(Mr. Brooks)

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knew I could approach.

Mr. Shibley: And in that respect, of course, Victoria College is a United Church college, is it not?

Mr. Brooks: Right.

Mr. Shibley: So that having regard for your own qualifications and the fact you are an ordained ~~man~~ minister, you felt you were qualified or to be at least considered for the post?

Mr. Brooks: Yes, ^{at least} ~~it is~~ considered, yes.

Mr. Shibley: Yes, all right. ~~When~~ When did you go to see him?

Mr. Brooks: It was in the spring of 1971.

Mr. Shibley: And in the course of your meeting, did you discuss with him the building that OISE had constructed?

Mr. Brooks: Yes, I did.

Mr. Shibley: ~~Was you the person who raised it with him or was the topic~~

(Tape H-240 follows)

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4.50 - 4.55 p.m.
R.E.S.

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(Mr. Shibley)

~~...that OISE had constructed~~

~~Mr. B. Brooks: Yes, I did.~~

Mr. Shibley: Were you the person who raised ~~it~~ it with him, or was ~~the~~ the topic initiated by Mr. Sissons?

Mr. Brooks: Well, to the best of my recollection, ~~the~~ I was the one who raised it with him.

Mr. Shibley: And, how did that come about?

Mr. Brooks: I am not sure what twiggged my thinking to raise it with him, other than that I recognized the fact that Hydro was experiencing some of the accommodation problems and the costs that are related to accommodation problems that OISE had experienced. ^I ~~and~~ raised the question with him about ~~that~~ fact, and how we, ~~the~~ OISE, had solved our problem and suggested that he might like to visit our building and see it.

Mr. Shibley: Did you follow through ^{on} ~~that~~ that suggestion?

Mr. Brooks: Yes, I did.

Mr. Shibley: In what manner?

Mr. Brooks: It so happened that -- well, I'd have to explain first of all that I'm a Western Canadian and that one of the things that ~~people~~ has griped me about Eastern Canadians in general is that they ~~say~~ say, "come over and see us sometime." As a Western Canadian, I am used to ~~being~~ being invited to come over and see ^{us} ~~on~~ Monday night, so that ~~when~~ when I suggested to Mr. Sissons that he might like to come and see the building on Monday, he declined. And I said, "What about Tuesday noon?" ~~He~~ ^{we} couldn't get out of that one so he came on Tuesday noon, or whatever day it was.

Mr. Shibley: Just stopping for a moment -- ^{where} were you then in the habit of inviting people to examine your building?

Mr. Brooks: Yes, I was. It was a very economical ^{and a quality building} building and one which could speak for itself.

Mr. Shibley: Well, would you give the committee

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(Mr. Shibley)

some indication of other parties who ~~had~~

Mr. Brooks: Yes.

Mr. Shibley: ~~had~~ examined the building?

Mr. Brooks: Do you wish the names of the people
as ~~well~~ ^{as} the parties, or just the ~~parties~~

Mr. Shibley: No, just the entity that was being
represented.

Mr. Brooks: The federal government Department of
Public Works, the provincial government Ministry of Government
Services-- I am afraid ^{that} I would have to say a Mr. Struthers,
who was a developer and therefore ^a competitor of Canada Square--
Canadian Broadcasting Corporation, the Royal Canadian Mounted
Police, architectural companies such as James Murray and
Jim Strathman; there were firms from Winnipeg, Vancouver,
Australia, National Education Association from Washington, D.C.

Mr. Shibley: So this was not a unique circumstance,
the fact of your inviting and showing Mr. Sissons through your
building.

Mr. Brooks: No, I don't think that ^{it's unique} ~~that~~ ^{to us or to}
any new building.

Mr. Shibley: I gather you ^{were} ~~are~~ quite proud of your
~~new~~ building?

Mr. Brooks: Very proud of the ~~building~~ ^{building}. I think
it stands on its own feet.

Mr. Shibley: All right. Now, then, ...

Mr. Gaunt: I should hope so!

Mr. Brooks: And shall for a good many years!

Mr. Shibley: I ~~think~~ think the term is "foundation",
but however. Now then, ~~at~~ you said that Mr. Sissons was
invited to come on a specified date. Did he attend at the
building?

Mr. Brooks: Yes, he did.

Mr. Shibley: And did you show him through it?

Mr. Brooks: Yes, I ~~showed~~ ^{showed} him through the building.

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Mr. Shibley: And what aspects of the building did you emphasize to him?

MR. Brooks: Well, certainly I would've emphasized the air-conditioning^{SYSTEM} which I have found in the city to be superior to any other kind of air conditioning in major cities across Canada and the northern part of the States, or office buildings or university buildings; I showed him the services, the layout of offices, the sub-basements, the intercommunication systems that we have for the building, parking facilities, the general structure, the double glazing, and its method by which we have what I call a saw-tooth window; the external features of the building, a thorough examination of all the construction features of the building.

Mr. Shibley: Did you also discuss with him the lease-purchase arrangement pursuant to which that building was constructed?

Mr. Brooks: Yes.

Mr. Shibley: And in what detail did you discuss that?

Mr. Brooks: By indicating a basically a definition of what a lease-purchase agreement is, the legal documentation which we had on file and which I made available to Hydro, or at least offered it to them, the cost factor^{factors}, all ~~that~~ that ~~go into making up~~

(Tape H-241 - 1 follows)

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DT

Mr. Brooks

~~the cost factors and all factors that~~ go to make up a lease-purchase, as a definition of what a lease-purchase is.

Mr. Shibley: Did you identify to Mr. Sissons the company that had developed this property for OISE?

Mr. Brooks: I haven't specific recall on ~~the~~ that but I would be amazed if I didn't.

Mr. Shibley: Yes. Do you have any memory of any discussion between yourself and Mr. Sissons respecting who was the principal of Canada Square?

Mr. Brooks: I don't think that would have come into it.

Mr. Shibley: In particular, did you or Mr. Sissons make mention of the fact that Mr. Moog, the principal of Canada Square, was a friend of Premier Davis?

Mr. Brooks: I had no communication with Mr. Sissons on that.

Mr. Shibley: Not then or at any time thereafter?

Mr. Brooks: Not with Mr. Sissons.

Mr. Shibley: All right. Then, did anything else transpire on the occasion of his visit that you want to tell us about?

Mr. Brooks: No, I think that gives a ~~fa~~ thorough definition of the whole matter.

Mr. Shibley: What next transpired?

Mr. Brooks: Following that visit, Mr. Sissons phoned me at a time later to ask if it would be an imposition on my time if Mr. ~~ERRY~~ Candy, an architect with Hydro, and associates were to visit the building and have a tour similar to his tour, and would I mind if they questioned me in a similar way in which he questioned me, to which I replied it would be no imposition at all.

Mr. Shibley: And was such an arrangement made for representatives of Hydro to inspect the building?

Mr. Brooks: Yes.

Mr. Shibley: Who came to see it?

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Mr. Brooks: Mr. Candy and ^{as} ~~the~~ best ^{as} ~~that~~ I can recall, *there* would be two, probably three, but I think two other associates. Who they were, I am sorry, I have no recall.

Mr. Shibley: Did they review with you the same architectural features of the building that you outlined referable to Mr. Sisson's visit?

Mr. Brooks: Yes. They reviewed at least those as a minimum package of investigation.

Mr. Shibley: And did they do anything more than ^{did} ~~he~~ in that respect?

Mr. Brooks: I couldn't say that it was any more thorough; that any one of the members conducted a more thorough investigation than Mr. Sissons. I would say, though, because there were three of them doing the investigation, that it was a little more extensive. If I can remember correctly, they got down on the floor and right into the hand-holes and things of this nature.

Mr. Shibley: All right. Now, in general terms, what was the direction which their inquiries took at that time?

Mr. Brooks: I think they were interested in two things in particular; one was to understand what a lease-purchase agreement was, ~~and~~ ^{it} was a new term to the gentlemen and I found that it was a new term to a great many people in the community, ~~and~~ ^{the} other was examining the quality of the building that we did have.

Mr. Shibley: Now, again, Mr. Brooks, was it ~~any~~ at any time any part of your conversation with Mr. Candy or the other two gentlemen who attended with him that Mr. Moog was a friend of ~~Re~~ Premier Davis?

Mr. Brooks: There was no conversation at that time.

Mr. Shibley: Was there ever a conversation between yourself and anyone on behalf of Hydro to that effect?

Mr. Brooks: I had one telephone conversation of that nature, yes.

Mr. Shibley: With whom?

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d

Mr. Brooks: I think it was with Mr. Candy. I would have to check my memory on that but I am pretty sure it was Mr. Candy.

Mr. Shibley: What was the occasion of that telephone call?

Mr. Brooks: He simply phoned to ask the question, *was there a* ~~was there a~~ friendship, to which I replied to him as I would reply to anyone. I don't know whether there was a friendship or not — but if there was a friendship it had no effect upon our decision-making process and that is as far as I can go.

~~Mr. Shibley: Was that the purpose of his...~~

(H-242 to follow)

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~~(Mr. Brooks)~~

~~have no effect upon our decision-making process. And that's
as far as I can go.~~

Mr. Shibley: Was that the purpose of his call,
or was there some other reason for him making a call to you?

Mr. Brooks: I'm sorry, I have no recall on that
either.

Mr. Shibley: Can you remember how soon after
the visit by Mr. Candy that this telephone call was placed to you?

Mr. Brooks: It would be a considerable time
after.

Mr. Shibley: When you say considerable time,
what does that mean?

Mr. Brooks: Well, first of all, let me say that
I took a tally of the telephone calls I was having in my office,
and I was getting 80 a day. And when you ask me to define what
a considerable amount of time -- I have no idea. It would be
into the months.

Mr. Shibley: Months. All right. And can you
be more precise as to exactly what he said to you and what you
said to him?

Mr. Brooks: Well, I think that's precise.

Mr. Shibley: Would you give it to me again,
please?

Mr. Brooks: My reply?

Mr. Shibley: No, his comment to you and your
reply.

Mr. Brooks: Well, the connotation of the question
was, is there a friendship between Mr. Davis and Mr. Moog? My reply
was that, I don't know whether there is a friendship or an
acquaintanceship or not. All I know is that if there was, there
was no effect of that upon our decision-making.

Mr. Shibley: I see.

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Mr. Brooks: I have no basis to judge then or now.

Mr. Shibley: Now then, I understand that you did subsequently provide to Hydro copies of the documentation that was employed at the OISE building?

Mr. Brooks: Yes.

Mr. Shibley: Was this pursuant to a request for that documentation?

Mr. Brooks: There would be a request, there would have also been an offer and agreement on my part that this would be quite appropriate if Hydro wished to examine the documents in detail; that they would be made available to them.

Mr. Shibley: Who made the request to you?

Mr. Brooks: I think it was Mr. Candy; and if there is a person by the name of Mr. Smith on Hydro staff, I think he was the gentleman that the materials were made available for; that he could do an examination of them.

Mr. Shibley: Then on the occasion of persons enquiring about the building and your arrangements with Canada Square, did you report these events to Canada Square?

Mr. Brooks: I reported these events and any other visit that was made of our building to Canada ~~Square~~ Square, as a courtesy.

Mr. Shibley: As a courtesy. In particular, did you advise Canada Square of the interest of Ontario Hydro in the OISE building?

Mr. ~~Brook~~ Brooks: Oh, I certainly would have, yes.

Mr. Shibley: With whom did you speak at Canada Square?

Mr. Brooks: I generally spoke with one of five people at Canada Square on these visits. Either Mr. Moog, ^{or} his secretary; Mr. Cooper, their architect; Mr. Coles, the accountant; or Alec Johnson, one of the senior men in the firm. I would phone

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(Mr. Brooks)

either preceding or following the visit, to notify the landlord that a visit had been made by a group of people.

Mr. Shibley: In the case of Ontario Hydro's visit, can you remember with whom you spoke at Canada Square?

Mr. Brooks: Well, I know I spoke with Mr. Moog on one occasion, because he was very disinterested in the comment, and I felt that I'd been an imposition on him; but nevertheless, I had phoned.

Mr. Shibley: How soon after the visit by Hydro officials did you speak to Mr. Moog?

Mr. Brooks: That would have been done on the day either preceding or following.

Mr. Shibley: And would that be Mr. Sissons' visit, or would that be the visit by Mr. Candy and the other two gentlemen, whom you cannot identify?

Mr. Brooks: I couldn't identify which visit, because it was a normal business procedure that I followed, quite normal to my routine, and I did it with every visit.

Mr. Shibley: Did.....

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(Mr. Brooks)

...followed quite normal to my routine and I did it with every visit.

Mr. Shibley: Did you have any communication with Mr. Moog or anyone else at Canada Square referable to Hydro other than the one telephone call you placed that you just referred to?

Mr. Brooks: Each time that Hydro came I would have reported to Canada Square.

Mr. Shibley: I see.

Mr. Brooks: That they had been on a visit of the building.

Mr. Shibley: I see. Did Canada Square ever initiate a communication to you of any kind?

Mr. Brooks: No, they didn't, not even so much as a "thank you" letter, if I may say so.

Mr. Shibley: I see. All right. So for your troubles you never even got a "thank you?"

Mr. Brooks: No. I got one from Mr. Sissons and I appreciated that very much.

Mr. Shibley: All right.

Mr. Brooks: This is not the first building that I've introduced a private party to a government body and not been thanked for it. It's something like ^{being} a member of ^{the} parliament; ~~that~~ you don't get thanked.

Mr. Shibley: Did you show the building to anyone else from Hydro?

Mr. Brooks: Yes. Mr. Gathercole came on one afternoon, I think ~~it was~~ or one morning and stayed for a short period of time in comparison to the architect and he did ^{a very} ~~very~~ what I would call astute, hard-nosed investigation of the building.

Mr. Shibley: Why would you describe it as an astute, hard-nosed investigation?

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Mr. Brooks: Because he was a very difficult person to communicate with. He asked all the questions and he wanted the answers and he wasn't for idle chitchat.

Mr. Shibley: His experience here would be a reversal of form.

And did you have all the answers?

Mr. Brooks: I hope I did.

Mr. Shibley: I see. When was that visit by Mr. Gathercole?

Mr. Brooks: I would say that it followed some two to four months after my initial meeting ~~with Mr. Gathercole~~ ~~at the institute building with Mr. Sissons.~~

Mr. Shibley: Was that your only communication with Mr. Gathercole?

Mr. Brooks: My only communication?

Mr. Shibley: Yes.

Mr. Brooks: Yes, sir.

Mr. Shibley: And the only subject of discussion between you related to the building itself and the terms under which you ~~was~~ had it constructed it?

Mr. Brooks: The construction of the building was the major investigation and the terms secondary, yes.

Mr. Shibley: From your conversations with representatives of Hydro and I'm now thinking in terms of the initial discussion with Mr. Sissons and the further discussions with Mr. Candy when he made his visit, was it apparent to you from the nature of that discussion that you had brought Canada Square to the attention of Hydro for the first time?

Mr. Brooks: Yes, I would say that was very evident.

Mr. Shibley: It was not a case where they were already involved or knew of Canada Square?

Mr. Brooks: I couldn't tell you whether they knew ~~—~~ sometimes you know of a company as you do reading down the Yellow Pages of the Telephone Directory.

Mr. Shibley: Yes.

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(Mr. Brooks: You know, they might have known Canada Square in that nature but they didn't know Canada Square in the depth to which I introduced them, I would have to say.

Mr. Shibley: Those are all my questions, Mr. Chairman.

Mr. Chairman: Anybody else any questions?

Mr. Newman: One question, Mr. Chairman.

Mr. Chairman: Mr. ~~W.~~ Newman.

Mr. ~~W.~~ Newman: ~~Each time~~ You said that each time ^{an interested} ~~each~~ group came to the building you would call Canada Square and let them know and if they made a return, ^{as} ~~the~~ Hydro did on two or three occasions, you would call Canada Square each time?

Did you do the same ~~with~~ if other companies came to visit more than once?

Mr. Brooks: Oh, yes. The federal government Department of Public Works was there more than once and I called each time. Tamblin Associates engineers were there more than once. A D. Pollard, ^{the} Interior ~~Design~~ Designer, was there more than once, ~~they~~ they would all be notified.

The reason for this is that they were landlord and I was tenant in that relationship as opposed to the next relationship where we were basically master of the lease purchase agreement and they were servant, and in that relationship I wouldn't report out to them at all but when it was their building I did report ~~it~~ out.

~~Mr. Chairman: Mr. Henwick.~~

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DT

(~~Mr. Brooks~~)

~~to them at all but when it is a good building, I did report out.~~

Mr. Chairman: Mr. Renwick.

Mr. Renwick: Mr. Brooks, how long were you at OISE?

Mr. Brooks: Over six years.

Mr. Renwick: And when was that building completed?

Mr. Brooks: In June of 1970.

Mr. Renwick: Were you involved in the planning of that building?

Mr. Brooks: Totally.

Mr. Renwick: Completely?

Mr. Brooks: Yes.

Mr. Renwick: What role did you play in those negotiations? Were you the responsible person for the negotiations?

Mr. Brooks: I think that I would have to say that the property committee under the chairmanship of Dr. Archie Morgan, with such people as Mr. Justice Bora Laskin, and Dr. Moffatt ^{Woodside} from the University College and so on, ~~they~~ were the responsible people as the property committee of the board of governors. I was the staff person responsible.

Mr. Renwick: So that as far as the permanent staff was concerned, you were responsible for all of the negotiations with Canada Square about the building?

Mr. Brooks: Yes.

Mr. Renwick: And did you get to know Mr. Moog quite well during the course of those discussions?

Mr. Brooks: I got to know Mr. Moog during those discussions. I don't know what is meant by "quite well?"

Mr. Renwick: Well, did you negotiate mainly with Mr. Moog during the course of those discussions on behalf of Canada Square?

Mr. Brooks: Yes.

Mr. Renwick: And who was the Minister of Education at the time of those discussions?

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Mr. B. Brooks: The Minister of Education was Mr. Davis.

Mr. Renwick: Did you know during the course of that time that Mr. Moog and Mr. Davis were friends?

Mr. Brooks: I did not know in the course of that time.

Mr. Renwick: How long did these negotiations go on?

Mr. Brooks: We started in March and concluded in October, the hard negotiation period.

Mr. Renwick: How was Canada Square selected for the purpose of the OISE building?

Mr. Brooks: Can I ask, Mr. Chairman, is this — My understanding was that I was here to talk about Hydro and I am now talking about OISE. Is this the way I am supposed to go?

Mr. Chairman: I think it is a fair question. Mr. Shibley, have you any comment on it? The question being, as how was Canada Square decided, how did the Ontario Institute of Studies ~~in~~ Education decide upon Canada Square? Do you feel there is anything confidential about that information?

Mr. Brooks: Absolutely none at all.

Mr. Shibley: Mr. Chairman, as long as we don't embark upon an investigation of another building; we have got our hands full with one. I don't see any difficulty with the question but I am sure Mr. Renwick will keep his questioning within bounds, namely, what's relevant to this inquiry.

Mr. Renwick: Naturally, Mr. Shibley.

Mr. Brooks: With those cautionary words then, Specifications were prepared by me and were received by 10 developers, of whom five became serious contenders. Five withdrew at early stages either through inability or disinterest or whatever reasons they had. Some of them, I never learned what their reason was.

Mr. Renwick: Were proposals called for?

Mr. Brooks: Yes.

Mr. Renwick: By OISE?

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Mr. Brooks: Right.

Mr. Renwick: At that time?

Mr. Brooks: Right.

Mr. Renwick: And the choice was narrowed down from 10 to five and then a selection was made? *And Canada Square*

Mr. Brooks: *From five to four is two*
~~After four, to three, two to one and~~ *was the*

it was made by the property committee. If you would like to know the members of the property committee, I can give you those. *(Dadson)*
I indicated Dr. Morgan; Mr. Justice Laskin; Dr. Woodside, ~~and Dean~~ *Dean*
Dr. Graham from McMaster.

Mr. Renwick: I noticed during your answers to Mr. Shibley's questions that you emphasized at all times that whatever your relationship with Mr. ~~Sixsix~~ *Sissons* and the other representatives of Hydro that it was entirely normal and consistent with your relationships with other persons who expressed an interest in the building.

Mr. Brooks: That's right.

Mr. Renwick: I was interested in your response to Mr. Shibley's question with respect to the one telephone conversation that you believe originated with Mr. ~~Garud~~ Candy in connection with the relationship between Mr. Davis and Mr. Moog. ~~If I knew it is correct...~~

(H-245 to follow)

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5.15 to 5.20
M.T.

H-245-1

(Mr. Renwick)

~~between Mr. Davis and Mr. Moor.~~ If my note is correct, your response was that you didn't know anything about the friendship between Mr. Moog and Mr. Davis but that if you had known, it wouldn't have had any effect on the decision-making process.

Mr. Brooks: That is the essence, yes.

Mr. Chairman: Well, ~~if~~ if you had known, it would not have had an effect, but if there was a relationship it had no effect.

Mr. Brooks: If there was a relationship, it had no effect.

Mr. Renwick: At that time, were ~~a~~ you ~~aware~~ aware of any relationship between Mr. Moog and Mr. Davis?

Mr. Brooks: Our negotiations were in 1967. In 1967 I knew of no relationship. In 1970, through reading the press etcetera, I had learned that there was a relationship.

Mr. Renwick: In 1970 you were aware of a relationship —

Mr. Brooks: Or 1971, when Mr. Candy — I guess ⁱⁿ 1971, when Mr. Candy asked me.

Mr. Renwick: So that when Mr. Candy asked about it, you at that time were aware of the relationship ~~of~~ between Mr. Davis and Mr. Moog?

Mr. Brooks: I was aware that the community said there was a relationship, so that I would have to say that I was third party or —

Mr. Renwick: I don't want to press you unduly but I would like you to try to recall as best you can the answer which you gave to Mr. Candy, with particular ~~reference~~ references ^{to} whether at that time you were aware, in speaking to Mr. Candy, that there was a friendship between Mr. Moog and Mr. Davis.

Mr. Brooks: You are starting from an assumption that I am aware right now that there is a friendship, and I would have to say that a lot of people ~~like~~ like to be friends with the big boy, whoever that big boy might be. I have no evidence of a friendship.

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M.T.

H-245-2

(Mr. Brooks)

I hear of a friendship as I read the papers, and I have no evidence of a friendship, and there was none.

Mr. Renwick: Did you have that kind of information or rumour or newspaper report, were you aware of that at the time Mr. Candy spoke with you?

Mr. Brooks: In 1971? Yes.

Mr. Renwick: Were you aware of that report sometime considerably prior to that?

Mr. Brooks: No, ~~yes~~ I would have to say I don't know when you become aware of that sort of information. Just like if you would ask me when I had become aware of your background, I would have to say I don't know when I became aware of your background, Mr. Renwick, ~~yes~~ I am aware of some of your background, but I don't know when I became aware of it, or how. This is part of ^{communications} communications.

Mr. Renwick: Do I take it that you have no knowledge of any effect that Mr. Moog's reported friendship with Mr. Davis, or Mr. Davis's reported friendship with Mr. Moog, had on any discussions that you had with Hydro in furnishing them with the information about the building?

Mr. Brooks: I would have to give an opinion that Mr. Davis wasn't even aware of what I was doing, what I was communicating with Hydro, and Mr. Moog seemed very disinterested in it at the stage that I reported out.

Mr. Renwick: Just one last question, Mr. Brooks, Would there have been communication between you, as the senior staff person at the Ontario Institute for Studies in Education, responsible for the negotiations with Canada Square with the then Minister of Education, Mr. Davis?

Mr. Brooks: Yes there were, and those communications were generally in departments of either our director or

Tape H-246 follows



H-246-1

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E.M.

(Mr. Brooks)

~~these communications~~ were generally in the presence of either our director or our assistant director. ~~There~~ ^{were} generally two of us there who spoke with the minister.

Mr. Renwick: That would be direct, not by memorandum or letter but direct meetings with the then Minister of Education, Mr. Davis?

Mr. Brooks: I could not speak for my superiors but I could say for myself that I am not a memorandum-writing person and therefore my meetings were always person to person.

Mr. Renwick: We are pleased about that. Could I just ask you whether the responsibility ended with the property management committee of the board of OISE or was the final decision made by the board of OISE?

Mr. Brooks: The board made the final decision.

Mr. Renwick: Was that subject to the approval of the then Minister of Education, Mr. Davis?

Mr. Brooks: The institute is not unlike a Crown corporation ^{where} ~~for~~ its board of governors ^{has} ~~is~~ pretty autonomous ability, I guess you would call it. I was not a member of the board of governors, therefore I do not know whether it was subject to the minister's final approval or not. But I know the minister was informed after the board had made its final recommendation.

Mr. Renwick: I have no further questions at the present time, Mr. Chairman.

Mr. Chairman: Mr. Allan.

Mr. Allan: Well, Mr. Chairman, I just ~~was~~ wanted to ask Mr. Brooks something about the conversations that went on between the representatives of Hydro and ~~himself~~ ^{him}. I expect that they were anxious to get ~~his~~ ^{his} opinion of the quality of the

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E.M.

H-246-2

(Mr. Allan)

building that was built?

Mr. Brooks: Yes, very anxious.

Mr. Allan: Very anxious to get that, and were they interested in the maintenance of the building?

~~Mr. Brooks:~~ That is, were they concerned about what sort of landlord Canada Square turned out to be?

Mr. Brooks: They were very interested in maintenance, yes; and ^{how} ~~the~~ the maintenance had continued after into the term of our lease-purchase agreement, ~~was~~ was the quality of maintenance still as good in year two of the lease-purchase agreement as it was the first month?

Mr. Allan: And do you remember what sort of information you gave them in that respect?

Mr. Brooks: I would have to say - I would say right now if that question were asked that the maintenance is of excellent quality and it has increased ^{both} ~~in both~~ in quantity and quality, ~~because~~ Because of the lease-purchase agreement, the building is owned by the lessor. He is very interested in maintaining a quality building during the term of the lease because it is his building.

Mr. Allan: I gather you feel that this lease-purchase arrangement is a good method of ^{procuring} ~~procuring~~ accommodation?

Mr. Brooks: It most certainly is.

Mr. Allan: I gather too that you were well satisfied with the landlord that looked after the building, the maintenance that was provided and the general co-operation that ~~existed~~ probably existed between yourselves and the landlord.

Mr. Brooks: It was far superior to what we had before. The building does not interfere with the institute's programme as it did previously. And when you can get a building which

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(Mr. Brooks)

doesn't interfere with an academic programme, you've got heaven almost.

Mr. Allan: Well, with that heaven, we'll stop.

Mr. Chairman: Is there any other member of the committee? ~~Yes~~, Mr. Glen Hodgson.

Mr. R. G. Hodgson: Mr. Brooks, do you recall any of the other development companies that have been mentioned here, such as Horizon Development and Management Ltd. having visited the building? - or Cadillac or ---

Mr. Brooks: Well, Mr. ~~Kagan~~ ^{Kagan and Frucht} at Cadillac, were well known to me and they had been in the building, but I ~~don't recall~~ ^{don't recall} them having visited the building ~~as~~ under my guidance. But that doesn't say they didn't visit the building.

I also had a plant manager who could have taken them on ~~the~~ a visit to the building.

Mr. R. G. Hodgson: The Ministry of Government Services, ~~they reviewed the contract of OISE~~



(Tape H-247 follows)

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5:25 - 5:30 pm

C.B.

R.
(Mr. G. Hodgson)

government services or the Ministry of Government
~~Services~~ reviewed the contract of OISE at one
point in time. Was that after the contract was signed
that they entered into looking at the situation or was it
before?

Mr. Brooks: It was before and after, both.

R.
Mr. G. Hodgson: Before and after, both.

Mr. Brooks: For instance, they had a building
superintendent on the site during the construction.

Mr. R.G. ~~Raskin~~ Hodgson: They supervised it?

Mr. Brooks: No, they didn't supervise it.

Mr. R.G. Hodgson: They assisted though.

Mr. Brooks: They ~~had~~ an inspector. I don't
think an inspector has any supervisory function.

Mr. R.G. Hodgson: Did they assist you with the
contract negotiations?

Mr. Brooks: No, they reviewed them.

Mr. R.G. Hodgson: Did they advise you?

Mr. Brooks: No.

Mr. R.G. Hodgson: Thank you.

Mr. Chairman: Any other questions of the committee?

Mr. Gaunt, do you have *...further questions?*

Mr. Gaunt: Yes, Mr. Chairman I would like to ask

Mr. Brooks *whether in his* discussions with Ontario Hydro personnel,
~~did~~ any of those discussions revolved around the fact as to
how best to proceed with regard to a lease-purchase arrangement?

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5:25 - 5:30 pm

C. B.

Mr. Brooks: Yes, we discussed the type of lease agreement that was drawn by our firm of solicitors, which was reviewed by at least three other firms in the city of Toronto, plus the Ministry of Government Services, legal branch; so that we discussed as one of the things that must be done is to have a real good ~~legal~~ legal agreement and that I felt our legal agreement ^{was} an exceptionally good one in that it had received ^{CLOSE} ~~best~~ scrutiny ^{by} four or five top firms.

Mr. Gaunt: Was there any discussion with respect to throwing the matter open to public tender?

Mr. Brooks: No, that wouldn't have been within my framework to have discussed that. If I'd been asked an opinion, I would have ~~said~~ said that they would find very few able to bid on it, as we found, as I indicated to Mr Renwick earlier, ^{by} the number that withdrew ^w.

Mr. Gaunt: AS a matter of interest, did Canada Square submit in terms of a rental agreement the lowest cost figure? ~~xxxxxxx~~

To Hydro?

Mr. Brooks: M08XIIHAAWAKKIXGXXBZ06HXKDHRX@I\$SXBXHIIDIXGX

Mr. Gaunt: NO I'm talking about the OISE building.

Mr. Brooks: Yes they did, according to the specifications that we had laid down.

國立中央圖書館

Mr. Gaunt: Did Ontario Hydro officials have any discussion with you prior to the signing—immediately prior to the signing of the agreement?

Mr. Brooks: None.

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5:25 - 5:30 pm

C.B.

R.
(Mr. G. Hodgson)

government services or the Ministry of Government Services ~~reviewed~~ reviewed the contract of OISE at one point in time. Was that after the contract was signed that they entered into looking at the situation or was it before?

Mr. Brooks: It was before and after, both.

R.
Mr. G. Hodgson: Before and after, both.

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Mr. R.G. Hodgson: Did they advise you?

Mr. Brooks: No.

Mr. R.G. Hodgson: Thank you.

Mr. Chairman: Any other questions of the committee?

Mr. Gaunt, do you have ^{further questions?}

Mr. Gaunt: Yes, Mr. Chairman I would like to ask

Mr. Brooks, ^{whether, in his} ~~discussions~~ discussions with Ontario Hydro personnel, did any of those discussions revolve around the fact as to how best to proceed with regard to a lease-purchase arrangement?

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5:25 - 5:30 pm

C.B.

Mr. Chairman: Mr. Shibley, ^{I believe} you have one more question.

Mr. Shibley: Mr. Allan's questions reminded me, members of the committee, of two exhibits, exhibits 14 and 17. Mr. Brooks, there is a report which is now exhibit 17 in this hearing, prepared by Mr. Cameron, dated July 26, 1971, wherein he provides additional information obtained in a meeting with Barry Brooks of OISE and it goes on to "correct or expand ^{certain} information in my memo of July 16..." Did you have a meeting with Mr. Cameron in the interval between July 16, 1971 and July 26, 1971?

Mr. Brooks: Could you better identify Mr. Cameron?

Mr. Shibley: Mr. Cameron is ~~an assistant manager for the~~ ~~City of Toronto~~ he is a financial analyst and an economic analyst, or he was at that time with Hydro. And it was he, I might tell you who reviewed the material that you provided to Mr. Candy, referable to the OISE building and compiled two reports on it, one being exhibit 14 and the other being exhibit 17, the latter being in your possession. The latter being one, wherein he said "this memo is to provide additional ~~and~~ information obtained in a meeting"

H 247 - 3 to follow

June 5, 1973
5.35 - 5.40 p.m.
M.R.

(Mr. Shibley)

~~...wherein he says he obtained -- I'm sorry, this memo.~~

is to provide additional information obtained in a meeting with Barry Brooks.... "

Mr. Brooks: I can't identify Mr. Cameron, as obviously you can see. He must have either come with Mr. Candy at one meeting or had been with ^{As} I recalled earlier, I thought there might have been a person by the name of Mr. Smith and I notice that the ~~man~~ around him here is Mr. Smith.

If he was associated with him, I had one meeting with that group of people, but only one meeting to my knowledge.

Mr. Shibley: Now, I'm trying to establish chronology, Mr. Brooks. Mr. Candy went to see the building and then he called you later, asking that you send along the documentation. Is that not correct?

Mr. Brooks: That is correct.

Mr. Shibley: And you, in fact, sent the documentation along?

Mr. Brooks: And there was communication at that time when the documentation went along.

Mr. Shibley: Yes. I'll have produced to you now -- ~~sorry~~, members of the committee, these are not copied for members, but I'll get it in as an exhibit in any event. I'm producing to you now a letter dated June 28th, 1971, on the letterhead of the Ontario Institute for Studies in Education, directed to Mr. Sissons and apparently signed by yourself, with enclosures, being the preliminary specifications of office accommodation for OISE.

Could you identify that as the material you sent along, please?

Mr. Chairman: This will be exhibit 129.

Mr. Brooks: Yes, this is my signature and these are the specifications I ~~designed~~ drafted.

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Mr. Shibley: Now, just to fill in your own information, Mr. Brooks, Mr. Cameron did a review of that documentation and reported upon it by a memorandum dated July 16th, 1971, which is Exhibit 14. And then he did a further report dated July ~~21~~ 26th, 1971, which is Exhibit 17, which is also before you, ~~and~~ he references a meeting with you and I took it that the meeting was subsequent to July 16th and prior to July ~~21~~ 26th, 1971.

Mr. Brooks: I have no specific recall on that meeting. If someone from Hydro could give me some memory joggers on it, I might be able to recall it.

It doesn't register as an important meeting with me, I'm sorry.

Mr. Shibley: I see.

Mr. Brooks: Could I have time to read Exhibit 14 and 17, and then I might be able to recall?

Mr. Shibley: Yes, I'd like you to do that, Mr. Brooks because my next question was going to be whether you have any knowledge or information as to the circumstances surrounding Mr. Cameron's attendance on you during that period of time.

Perhaps, Mr. Chairman, we could complete with this witness at this time and recall him at another time in that connection?

Mr. ^{Chairman} Brooks: You don't just wish to give ^{him} time to read these memorandums now?

Mr. ^{Shibley} Chairman: If you wish.

Mr. ^{Chairman} Brooks: You feel that there will be more questions, do you, Mr. Shibley?

Mr. Shibley: Well, not really. Perhaps he could *take time now*

Mr. ^{Chairman} Brooks: ~~If possible~~ ^{Let's} just take a minute now.

Mr. Shibley: All right. Thank you, Mr. Chairman.

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H-249-1

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Mr. Brooks: Mr. Shibley, you asked me if I had a meeting with Mr. Cameron. ~~Exdx~~

Mr. Shibley: Yes.

Mr. Brooks: I do not recall. I still don't recall Mr. Cameron; however, I do recall several of the paragraphs that are in the July 26th memorandum as statements that ~~he~~ I had made.

Mr. Shibley: Yes. Was there a meeting between you and anyone on behalf of Hydro ~~he~~ within that period of time, July 16 to July 26, 1971?

Mr. Brooks: I have no recollection. Mr. Cameron says that there was a meeting and I would believe Mr. Cameron.

Mr. Shibley: Yes.

Mr. Brooks: I would have no reason —

Mr. Shibley: And having no recollection of a meeting, I am taking ^{it} then you cannot help us as to the circumstances which brought about that meeting?

Mr. Brooks: No, I admit, it was one in a series of meetings that I have indicated where investigation of the building and the lease ~~purchase~~ purchase agreement was undertaken by Hydro and I was very glad to ^{it} cooperate with them.

Mr. Chairman: Does it actually say that Mr. Brooks met with Mr. Cameron and might the information have come to Mr. Cameron via some other ~~z~~ source?

Mr. Shibley: Well, it's Mr. Cameron's memorandum to Mr. Smith wherein he starts off, "The purpose of this memo is to provide additional information obtained in a meeting with Barry Brooks of OISE and correct or expand certain information —"

Mr. Chairman: It doesn't say "in his meeting" with him. It might have been somebody else's meeting.

Mr. Shibley: Later on in the same memorandum, Mr. Chairman, he makes reference to the fact, on page 5 at the top, "Mr. Barry Brooks claimed ⁸ the \$1-million difference between the cost of the

↓

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H-830-2

(Mr. Shibley)

building and the mortgage was not a Canada Square Corporation profit. He feels this difference was more than offset by financing ^{and} legal costs." I took it as a direct meeting -

Mr. Chairman: A direct meeting between Cameron and Brooks. It's even possible from that interpretation though, ~~from~~ ^{that} ~~that~~ ^{it} may not have been a direct meeting.

Mr. Shibley: Yes, you can't be sure of that yourself, Mr. Brooks?

Mr. Brooks: No, I'm sorry.

starts off
page 5/ Mr. Genest: ~~In~~ ^{additional} the last paragraph, Mr. Shibley, on ~~cleaned~~ "The ~~facts~~ ^{facts} ~~from my meeting~~ with Barry Brooks..."

Mr. Shibley: Thank you. "The additional facts..." Yes, again, it's pretty clear that he had a meeting.

Mr. Chairman: He had a meeting at that point.

Mr. ~~Sh~~ Shibley: Yes.

Mr. Brooks: I am not denying that I didn't ~~also~~ have a meeting with Mr. Cameron.

Mr. Shibley: I realize that.

Mr. Brooks: I'll take his word; it's just that I ~~am~~

Mr. Shibley: I am much more interested, ~~in the~~ Mr. Brooks, in knowing the circumstances which brought about that meeting ~~at~~ during that interval. You can't help us as to that?

Mr. Brooks: I don't ~~think~~ think that I can.

Mr. Chairman: Any other questions arising out of Mr. Shibley's ?

Mr. Genest: Mr. Chairman, can I suggest that Mr. Shibley put one further question?

Mr. Chairman: You suggest a question to Mr. Shibley and we'll see if he picks it up.

Mr. Genest: I suggest that the witness be asked, having read the memorandum of July 26, ^{if} ~~is~~ that ^{is} his recollection of information he imparted to Hydro?

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M.F.

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~~Chairman: Mr. MacBeth~~

~~(Mr. Genest)~~

~~information he imparted to Hydro.~~

Mr. Shibley: I think, Mr. Genest, he has already said that ~~he~~ he certainly recollects giving that information to Mr. Cameron. Is that not so, Mr. Brooks? You have already said that?

Mr. Brooks: Given it to Hydro people, yes.

Mr. Shibley: Yes, he has already confirmed that.

Mr. Genest: Well, he just ^{said} ~~that~~ a couple of paragraphs, I wanted to make sure the whole memorandum was ~~given~~ ^{correct}.

Mr. Chairman: In your mind the whole memorandum is reasonably correct? Mr. Brooks: Yes.

~~Mr. Chairman:~~ As far as your information that you may have been part of is concerned.

Mr. Brooks: We felt-if we ~~were~~ ^{are} going to be very particular about it, I would say the top paragraph on page five is not quite an accurate interpretation but for the rest of it I think, with my quick reading of it, that it is accurate.

~~Chairman:~~ You are having a question of Mr. Brooks' further question? In the discussions with - well, it may be

Mr. Renwick: Necessary to recall Mr. Brooks after we have heard other evidence, ~~but~~ in discussions with Hydro people. I guess discussions isn't the right word - in their information-gathering process from you about the OISE building, did you outline to them the procedures by which you invited proposals ~~when~~ ^{and} the number of 10 was reduced to five and from five to four and from four to two and two to the final selection of Canada Square? Did you outline that procedure to them?

Mr. Brooks: I doubt if I would have. I don't think that would have been necessary, I don't think that would have been right on my ^(have outlined) part to ~~do~~ that.

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M.F.

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Mr. Chairman: Thank you, Mr. Brooks. It may be that we will want to recall you, but probably not. Of course, I appreciate your being here, giving us the assistance that you have, and excuse you at this point. Thank you very much.

Mr. Brooks: Thank you.

Mr. Chairman: Now, gentlemen of the committee, it is quarter to six. Mr. Shibley intends to call Mr. Sissons next and has indicated to me a preference that he should be able to proceed with him without too much interruption, ~~and~~ With your permission I would adjourn it at this time, reminding ^{from} you that we meet tomorrow morning ~~at~~ 9:30 to 12, ~~and~~ I would ask Mr. Newman, particularly, to make an effort to be here by 9.30 ~~am~~ so we can get under way. We do need a quorum to ~~proceed~~ ~~and~~ Tomorrow afternoon from 3 to ~~-----~~ oh, yes, there is no House ~~-----~~

Mr. Renwick: 2.30 to 5.30, I think.

Mr. Chairman: 2,30 to 5.

Mr. Gaunt: 2 to 5.

Mr. Chairman: 2 to 5.

The committee adjourned at 5:48 o'clock.

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125	228-2	"Advice of Commission Decision" - November 29, 1972 - re Payment of Legal Fees and Retention of Cost Control Consultants
126.	228-2	Memorandum to Commission - December 12, 1972 - re Write-off of Previously Approved Funds
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LEGISLATURE OF ONTARIO

SELECT COMMITTEE

HYDRO HEADQUARTERS

Wednesday, June 6, 1973

Morning session

APPEARANCES

Committee members:	J.N. Allan
	J.E. Bullbrook
	I. Deans
	M. Gaunt
	L.C. Henderson
	R.G. Hodgson
	W. Hodgson
	J.P. MacBeth (Chairman)
	W. Newman
	J.A. Renwick
Clerk of the committee:	Paul Moore
Committee counsel:	R.E. Shibley, QC
Ontario Hydro counsel:	Pierre Genest
	James McCallum
Canada Square Counsel:	Douglas Laidlaw
Assistant General Manager- Services, Ontario Hydro:	Henry J. Sissons

List of exhibits introduced during this sitting appears on last page

LEGISLATURE OF ONTARIO

SELECT COMMITTEE - HYDRO HEADQUARTERS

June 6/73
9:40 - 9:45 am.
M.S.

H 251 - 1

The committee met at 9:40 o'clock, a.m., in the members' board room.

Mr. Chairman: Ladies and gentlemen, I will call this meeting to order. I would ask Mr. Sissons, whom I understand Mr. Shibley wishes to call next, to come forward.

Henry J. Sissons, sworn.

Mr. Chairman: Mr. Shibley

Mr. Shibley: Mr. Sissons, what position do you hold with Ontario Hydro?

Mr. Sissons: My position is that of assistant general manager - services. This has nothing to do with serving customers as such, but with what I describe as general services within the corporation. These include our purchasing and supply, set up ^{for} all materials and goods and so forth, our real estate services, all property acquisition and administration, Public relations and this question that we're dealing with here, the question of head office building administration, ~~Not~~ building administration outside the head office area, but head office building administration.

Mr. Shibley: Would you outline your history of association with Ontario Hydro?

Mr. Sissons: Well, I came with Ontario Hydro in 1948, exactly 25 years ago, and, at that time, ~~was~~ as executive assistant to the then general manager, Dick Hearn. In 1957, I believe, I was appointed to my present position.

Mr. Shibley: What training had you received to qualify you for the position you now hold with Hydro?

Mr. Sissons: Well, perhaps I could just tell you about my general background very briefly. I was a graduate of political science and economics at the University of Toronto in 1937. I don't remember there being anything on the course about this particular exercise we're going through here.

Mr. Shibley: There rarely is!

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Mr. Sissons: But, subsequent to that, I worked briefly at Hart House at the University of Toronto and then I joined the Department of Munitions and Supply in 1940 or 1941 and spent the duration of the war in the priorities branch of that department, dealing with the allocation of critical materials throughout industry. ~~and~~ then, subsequently for a short time after the war, I was involved in the disposal of war surplus assets as an export sales manager for war surplus assets, and from there I came directly to Ontario Hydro as assistant to Dr. Hearn.

Mr. Shibley: In the sphere of your responsibility as assistant manager in services, you mention^{ed} that you had to do with premises. ~~Is~~ ^{Is} that correct?

Mr. Sissons: I'm sorry, I didn't hear that.

Mr. Shibley: I say in your function as assistant general manager of services you have responsibility for premises?

Mr. Sissons: For head office premises.

Mr. Shibley: I see, but not otherwise?

Mr. Sissons: No.

Mr. Shibley: That would be Mr. Witbeck who would be responsible for leasing and arranging for accommodation of personnel, would it not?

Mr. Sissons: Yes, Mr. Witbeck reports to me as manager of building and office facilities; ~~and~~ that relates to all of the premises ~~that~~ we operate and lease in the city of Toronto for our head office.

Mr. Shibley: And on the other end of the arrangement, Mr. Candy is a ~~Commission~~ architect who is responsible for overseeing the design and construction of your premises, ~~Is~~ ^{Is} that correct?

Mr. Sissons: Yes, Mr. Candy reports, as I think was mentioned earlier, through another side of the organization, through the engineering side of the organization, headed up by

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(Mr. Sissons)

Harold Smith, our chief engineer. However, he performs architectural and related services across the Commission as a whole, and in ~~this~~ this particular case, he was really heading up this project as the man who ^{had} been closest to it right from the early days.

Mr. Shibley: I'd like to understand the reason, *therefore*, for your involvement in depth, I suggest, respecting the head office building project.

Mr. Sissons: Yes, well, I think that's pretty straightforward. ~~My responsibility and my concern throughout~~

~~was this~~



Tape H 252 follows

June 5, 1973
9.45 to 9.50
M.T.

(Mr. Sissons)

~~that's pretty straightforward.~~ My responsibility and my concern throughout was the provision of adequate head office facilities; and in my opinion, which I think the records show, we have never really dealt with this effectively. Over the years we've kind of been driven from pillar to post in one way and another and ~~as~~ as I think has been indicated in some of the exhibits, we were becoming very badly fractionated. So, ~~as~~ as far as I was concerned, we were ~~xxx~~ in a very unsound position economically and administratively and I was pressing for resolution of this just as quickly as possible.

Mr. Shibley: Why did you consider the situation to be within the sphere of your responsibility?

Mr. Sissons: The situation?

Mr. Shibley: Yes, as you have just outlined it to us.

Mr. Sissons: With regard to ^{how} effectively or inefficiently organized in our ~~area~~

Mr. Shibley: Yes.

^{it} ~~that~~ is my responsibility to see that head office staff is satisfactorily housed. It's Mr. Witbeck's responsibility reporting to me.

Mr. Shibley: Well that's what I want to clear up. Does Witbeck report to you?

Mr. Sissons: Witbeck reports directly to me as manager of building and office facilities for the head office organization.

Mr. Shibley: So you have overriding responsibility in this area?

Mr. Sissons: In that sense, yes.

Mr. Shibley: Mr. Sissons, I want to produce to you two exhibits, exhibits 25 and 26. Please don't mark the exhibit.

Mr. Sissons: Oh, all right.

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Mr. Shibley: If you need a spare copy to annotate I would be ~~am~~ glad to provide it to you.

Mr. Sissons: This exhibit, sir, is marked on the back.

Mr. Shibley: Yes, but now that it's ~~has~~ been made an exhibit it shouldn't be supplemented ~~and~~ unless you indicate in what manner you are doing so and on instruction of the committee.

Now, Mr. Sissons, you are familiar with these two documents, are you?

Mr. Sissons: Yes.

Mr. Shibley: With respect to the document which is exhibit 25, you attended that general managers' meeting on November 22, is that correct?

Mr. Sissons: Yes.

Mr. Shibley: And, did you, so to speak, have carriage of that meeting?

Mr. Sissons: I'm sorry?

Mr. Shibley: Did you have over-riding carriage of that meeting in the sense of ~~carry~~ chairing the meeting?

Mr. Sissons: No, certainly not, Mr. Gordon was the chairman of that meeting.

Mr. Shibley: I see. Well who carried the ball, so to speak, in terms of the discussion that took place at that meeting?

Mr. Sissons: ~~What~~ I think it was a general roundhouse discussion, which incidentally, was initiated by quite another matter which related, as I recall, to our problem of the transformer station we had been hoping to build over on Beverly Street, not far from the head office, which had been arrested owing to social pressures in the area some time before. And the question at this meeting, as I recall it, was, could we, should we consider trying to reorient this transformer station on to the back end of our property over on McCaul Street. I am not sure if the committee is familiar with the whole shape of our holding there, but we have

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M.T.

H-252-3

(Mr. Sissons)

these holdings on University Avenue, ~~and~~ then we have another block back in behind that on which sits the engineering and service building and some vacant land fronting on McCaul Street, which was too small for the transformer station that we had ~~been~~ been contemplating and which had been held up over on Beverly Street..

That was a whole city block, it aroused quite a ~~very good deal~~ *of excitement* at the time, and we had been ~~in~~ in a very serious position as to how and where to locate that transformer station. And as is mentioned, I think, in the third paragraph of this minute, we were considering whether we could afford to preempt this thin sliver of vacant land on ~~McCaul Street and attempt to re-design~~.

Tape H-253 follows

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9.50 to 9.55 am
fvk

(Mr. Sissons)

~~in order to preserve this a thin sliver of vacant land on~~
McCaul Street and attempt to redesign this ~~transformer~~ station
under a new technique that has been developed ^{in Europe} known
as ^{SF} ~~as 6-6~~, in which you could work with much closer electrical ^{tolerances}
~~whether~~ whether we should attempt to reorient that on to that site, thus
cutting off the future redevelopment potential of that part of
our ^{holding} ~~land~~ philosophy has been, and I think this is
evident elsewhere in the exhibit, that we should preserve the
maximum flexibility in the whole of our site, trying to take
a very long view so that the site could be developed and redeveloped
to maximum advantage over the years ahead. When I talk about over
the years ahead, I'm saying 50 or 100 years, whatever it is.

Mr. Shibley: Now, Mr. Sissons, is exhibit 22 the whole
of the content of the minutes?

~~Mr.~~

An hon. member: Exhibit 25.

Mr. Shibley: I'm sorry, exhibit 25 ^{is} the whole of the
content of ~~that~~ the minute of that meeting refer^{is}able to the head
office building?

Mr. Sissons: I'm sorry, you are saying: "Was the whole
of the content of the minute ~~is~~?"

Mr. Shibley: Yes.

Mr. Sissons: ^{is} applicable to the head office building?

Mr. Shibley: I've been ^{supplied} ~~produced~~ with one sheet and I
just want to be satisfied

Mr. Sissons: That I don't know. I only have one sheet too.

Mr. Genest: I can give the ~~xxx~~ assurance to the
committee on that respect. That is the only reference ⁱⁿ to the minutes
on that date.

Mr. Shibley: All right. And it is the beginning of the
minutes for that date, is it not? Indicated by item 1, the office
space situation

Mr. Sissons: It was the first item on the agenda, yes.

Mr. Shibley: And I notice opposite the (1) are your

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fvk

(Mr. Shibley)

initials, are they not?

Mr. Sissons: That's right.

Mr. Shibley: So is it not fair to say that you had responsibility for this topic at that meeting?

Mr. Sissons: Yes, sir, that is so. I was just explaining that it really arose because of this other matter.

Mr. Shibley: I understand that, but in terms of discussion of the head office building, you carried the discussion at that meeting, did you not?

Mr. Sissons: That is correct.

Mr. Shibley: Yes. Now, at that meeting, did the other general managers report in to the meeting respecting investigations that they had made pertaining to the head office?

Mr. Sissons: I don't think, as I recall it, that there was that kind of discussion. Certainly, it's not reflected in the minutes as I read them. ~~Arising~~ [?] ~~from~~ [?] Arising from the other discussion that I was mentioning, questions were asked as to ^{what our} ~~whether~~ current ^{thinking} ~~pickings~~ was on the head office building, ~~and~~ ^{that} I should think I made it clear that my view was, ~~at~~ the time, appeared opportune to get this moving ^{that} in terms of economic climate and so ~~on~~ forth we should be trying to move forward; that we had been having these investigations of the OISE project and of the developer associated with that project, and that we were still greatly concerned about this question of the shelved plans and what, if anything, we could salvage from them. It seemed to me that one course we needed to consider was ~~whether we could~~ through the ^{choice} ~~choice~~ of this developer who we felt to be competent, or some other developer, whether we could salvage something from these plans by a process of specifically putting that process to work ^{rather than calling} ~~without having to call~~ for tenders.

Mr. Shibley: Mr. Sissons, I gather from your last comments that paragraph four of this exhibit is a reflection of what you had to say to this meeting of general managers.

Mr. Sissons: I would think so, yes.

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fvk

Mr. Shibley: So that the statement in this exhibit,
"The time appears opportune to revive ^ethe project, in view of
employment conditions, the financial climate, and the commission's
urgent need to consolidate its office space," ^{is} ~~that~~ your
recommendation, or statement, to this meeting?

Mr. Sissons: Well, sir, I don't know that I can be
that precise about it. I think those were the views that I held
at that time and probably expressed at that meeting. What other
people might or ~~we~~ might not have said at that particular time,
I don't know.

~~Mr. Shibley: Well, just dealing with~~

(Tape H 254 follows)

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E.M.

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(Mr.Sissons)

?

~~that I held at that time and probably assessed at that meeting.~~

~~What other people might or might not have said at that particular time, I don't know.~~

Mr. Shibley: Well, just dealing with ^{it}, I want to know who initiated these views. Did you initiate that?

Mr. Sissons: I would expect so, yes.

Mr. Shibley: Yes. And was it concurred in by the other ~~x~~ managers present?

Mr. Sissons: I don't know that it was.

Mr. Shibley: Does this minute not suggest that it was?

Mr. Sissons: I don't know, I would have thought that the minute ~~x~~ reflected the fact that this kind of a discussion had taken place. It doesn't seem to me that they are conclusive minutes. I think it says, "this could be a justification", etc.

Mr. Shibley: Mr. Sissons, are you telling us ~~xxxx~~ then that the minute does not represent the consensus that was developed at that general managers' meeting?

Mr. Sissons: I think that is probably so, yes.

Mr. Shibley: But it does reflect the consensus of the general managers?

Mr. Sissons: No, I say I think that is so, that it does not reflect ~~the consensus~~.

Mr. Shibley: I see.

Mr. Sissons: There was a discussion, ^a further discussion on this subject.

Mr. Shibley: All right. I just wanted to pin this down. ~~x~~ Then in terms of the first sentence in that paragraph, was that the statement of fact upon which there was

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(Mr. Shibley)

general agreement or was that simply a statement of your opinion?

Mr. Sissons: That sounds like a statement that was based on what I said and I would expect there was general agreement that the time was opportune, but I can't vouch for that.

Mr. Shibley: All right. Let us go on to the next statement then, wherein it states, "One competent developer has already indicated a willingness to work within a framework incorporating some considerable part of the architectural design ~~work~~ work which was previously shelved". Who reported that fact to this meeting?

Mr. Sissons: Well, I would expect again that that was an observation of mine.

Mr. Shibley: Yes. Then, going on, "This could be a reasonable justification for proceeding without the complicating process of soliciting competitive tenders, a procedure which would normally be required". Now, who made that representation to this committee?

Mr. Sissons: I would think that is not a very accurate statement of what I would have said, but again I can't be certain about this, obviously. Certainly my view was that if we were going to make any significant salvage of these plans which, as ~~had~~ has been indicated, time had passed by in some very serious respects, if we were going to make any significant salvage of these plans it would really have to be done by a sort of selection of work project process ~~and~~ in which we really said to somebody, "Take these plans and see what you can do with them, sit down with our architects and your architects and see what you can do with them and if it meets our current requirements". I didn't see how - and I think this is reflected in the next

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E.M.

H-254-3

(Mr. Sissons)

exhibit which we are going to get to ~~the~~ I didn't see how we
could do this through the process of calling tenders. ~~I think~~ ^{I think} ~~that~~ that
is what that observation ~~meant~~.

Mr. Shibley: Well, just for the moment, do I take
it from your answer that you advanced this proposition to this
meeting?, ~~as~~ reflected in the last line I have read to you?

Mr. Sissons: I don't know how specifically I
advanced it. I think it was discussed in these broad terms and
was ~~not~~ limited ~~use the words that you said before~~.

Mr. Shibley: Well, if it wasn't you, was it Mr.
Candy?

Mr. Sissons: I don't think so.

Mr. Shibley: Was it any one of the others?

Mr. Sissons: I wouldn't think so.

Mr. Shibley: So that it probably was you who put
this basic proposition to the managers at that meeting. Was it
not?

Mr. Sissons: Yes, I think, sir, the only ~~observation~~ ^{has it}
I have is that I am not sure it was a proposition, I think it
was a general discussion.

Mr. Shibley: Having had the proposition tabled,
was there a consensus formed among the general managers that
this was a proper way of proceeding, namely, without the
complicating process of soliciting competitive tenders?

Mr. Sissons: I would think not.

Mr. Shibley: You say there was not a consensus
if formed?

Mr. Sissons: There was not a consensus ~~and~~.

Mr. Shibley: Who disagreed with it?

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Mr. Sissons: Well, I don't know, sir, but the minute doesn't say there was a consensus.

Mr. Shibley: Was there any disagreement on the part of the general managers?

Mr. Sissons: I couldn't be certain about that. As I say, I think it was a very general discussion, I don't think it was a proposition, I don't think there was a consensus and, had there been agreement I think the minute would have said so.

Mr. Shibley: Well, jumping ahead to Exhibit 26 —

(Tape H-255 follows)

(Mr. Shibley)

~~Well, I'm going to read Exhibit 26,~~

Mr. Genest: Excuse me, Mr. Chairman, before you leave that,

Mr. Shibley: I'll be coming back to this.

Mr. Genest: I thought that the last paragraph of that minute should be borne in mind.

Mr. Shibley: I understand. I'll get to that Mr. Genest. Moving to Exhibit 26 for a moment, Mr. Sissons. When you say there was not a consensus, wasn't the consensus of general managers reflected in the document styled, "Notes re Logistics of Head Office Project" which was compiled and sent to the chairman by yourself?

Mr. Sissons: I don't think that's a sound assumption, with respect, Sir, those notes were simply what it says; they were notes which I jotted down as ^{to} some of my broad, general thinking about this situation.

Mr. Shibley: I see.

Mr. Sissons: I think they need to be read in the light of that minute ^{they} immediately followed it ^{but} they were simply my notes; and if I may ^{say} ^{so} I am very glad to have an opportunity to comment on this; they were written as much from the public relations point of view, and as much from the point of view of the new factor which has been introduced, which is referred to on the second page about the Y and R proposal for the Eaton's College Street ~~site~~ centre. They were written as much from ~~the point of view~~ ^{from} those two points of view, as to any other.

Mr. Shibley: Just for a moment, Mr. Sissons, can we take it that your memorandum of November 25 ^{was} directed really to the chairman, was it not?

Mr. Sissons: No, Sir, ~~they~~ they were notes that I wrote, sort of thinking out loud, and I subsequently sent them to the chairman. I think, ~~from~~ from the note on the top, I had talked to him on the telephone and I probably said, "I am sending you down some ^{rough} ~~rough~~ notes which perhaps we could have a discussion about".

MxxxxShibleyxxxxxJLPxxxx

June 6, 1973
10:00 - 10:05 am
JLP

(Mr. Shibley: All right. In any event, the notes that you compiled as Exhibit 26, were these notes which were intended as a follow-up of the meeting reflected by Exhibit 25, the meeting of general managers on the 22nd, three days earlier?

Mr. Sissons: Well, I think that that ~~wasn~~ really wasn't so because ~~XXXXXX~~ and I am a little puzzled about this myself ~~the~~ the general manager, as Mr. Genest pointed out, "requested that a clear statement of the alternatives open to the Commission be prepared, and that a recommended course of action be presented ^{for} ~~to~~ review and decision by the Commission."

Mr. Shibley: You are reading now the last paragraph on Exhibit 25?

Mr. Sissons: Yes, Sir, ~~you~~ ^You asked me to relate these two exhibits and I am doing my best to do so.

Mr. Shibley: Yes, fine.

Mr. Sissons: These notes, I suggest, did not represent a the kind of statement that the general manager seemed to have in mind, which is a sort of a formal statement to the Commission. They were an attempt to clarify my own thinking and then ^{with the} ~~the~~ Chairman and any others who might be interested to move forward to a point where perhaps we could make a clear evaluation of alternatives. I would, with respect, submit that these notes did not make any recommendation. I realize that this was the light in which they were received when they were discussed before us. I think my own view was that the only recommendation they made was in the last sentence, ^{that} ~~that~~ I think we should ~~xxxxx~~ resolve these matters to our satisfaction quickly and confirm a ^{plan} ~~xxxx~~ of action with the government.


Mr. Shibley: I would like to review Exhibit 26 with you, Mr. Sissons. I ~~have~~ put it to you that this memorandum in its overall effect was intended as a basis for discussion at a meeting that you intended to have between the chairman and the general managers. Is that not so?

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JLP

Mr. Sissons: Well, not in those precise terms. They
were intended for discussion in a meeting with the chairman and ~~those~~ ^{whoever}
~~likely~~ ^{also might be} present, ~~but~~ but not the ~~general~~ general managers' committee as such.

(Tape H-256 follows)



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M.S.

(Mr. Shibley)

~~you'll note that ---~~

~~Mr. Sissons: I know it might be present, but
not the general manager's committee as such.~~

Mr. Shibley: We'll, ~~and that's~~ is that
your handwritten note on the upper left-hand part of the
document?

Mr. Sissons: Yes, it would ^{be}.

Mr. Shibley: Is it?

Mr. Sissons: Yes, it is.

Mr. Shibley: And it says: "Mr. Gathercole, as
discussed we will stand ^{ready} reading for a meeting." Is that ^{not} so?

Mr. Sissons: Yes.

Mr. Shibley: So that you prepared this on the
25th; it was received in the office of the chairman on the 26th
endorsed with that memorandum. Is that ^{not} so?

Mr. Sissons: Yes.

Mr. Shibley: So was this document not intended
to form the ~~main~~ basis of a discussion between the chairman ~~and~~
and the general managers, referable to the head office?

Mr. Sissons: Did you say that the general managers

Mr. Shibley: I'm sorry, the chairman.

Mr. Sissons: The chairman and the general managers.

Mr. Shibley: The chairman and the general managers
yes.

Mr. Sissons: Well, sir, I wasn't dictating what
type of meeting it should be discussed at. I think my main concern
at that time was to get these considerations before the chairman.

Mr. Shibley: Yes. When you said "we" who are
you talking about? "We will stand ready"?

Mr. Sissons: Well, presumably the general manager
and I.

Mr. Shibley: Yes.

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M.S.

Mr. Sissons: Yes, sir.

Mr. Shibley: I put it to you, Mr. Sissons, that what was happening at this time is you had a general manager's meeting on the 22nd, as outlined in Exhibit 25; you prepared your notes, which ^{are} ~~in~~ Exhibit 26; sent them to the chairman, endorsed with a memorandum intending to bring on a meeting to discuss these matters with him, did you not?

Mr. Sissons: Well, I think that's a fair inference, but the thing that I am puzzled about myself, ~~and~~ and I have a very clear recollection of this, ^{is} ~~that~~ that one of the foremost things I wanted to discuss with the chairman was the question of the Y and R -- ~~was~~ the question ^{of} ~~that~~ how he, on behalf of the Commission, might ^{view} ~~do~~ this Y and R project at Eaton's College Street. And what's puzzling me is that does not appear to have been discussed at the November 22 meeting of the general managers. Now, whether that's because the minute is inaccurate; or because I haven't got the whole minute -- and I should have checked this ^{perhaps} ~~stuff~~, or because we had discussed it earlier, I'm not quite sure. My own recollection was that I had quite a strong interest in this Y and R proposal. I thought this might be a solution to a lot of our problems, that the Eaton's College Street complex, if it went ahead quickly, which was what Y and R were representing to us, might offer ^a ~~very~~ very interesting opportunity, ~~and~~ ~~I was~~ I discussed it, I recall, with Mr. Durand, our pr director and I would think with the general manager and others. ~~and~~ I think I got, on the whole, a rather cool response from them. They didn't think that moving to an entirely different site under these conditions made too much sense, But I had not, at that stage, had any reflection of the chairman's attitude or the Commission's attitude, ~~and~~ I think a large part of this memorandum, as I've said, was directed to the whole sort of pr position we were in here, which was not a very happy one as you know.

Mr. Shibley: All right then, let's go through

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M.S.

(Mr. Shibley)

this document together, Mr. Sissons.

Mr. Sissons: Yes.

Mr. Shibley: You ~~say~~ say that the emphasis in your thinking at this time had to do with the Y and R -- that's Yolles and Rotenberg Eaton's Centre?

Mr. Sissons: Yes.

Mr. Shibley: The first paragraph, ~~it~~ says: "We need to finance without apparent interference with power program financing." ~~And~~ I take it that you had in mind, in that respect, the various memoranda of the treasurer and people in your finance divisions, respecting limits on your borrowings?

Mr. Sissons: Well, I'd go a little further than that, sir, I'd say that for 10 years that I could recall, every time we've talked about a new head office building there has been apprehension about financing ~~these~~ ^{wings}, both within our own organization and at the government level.

Mr. Shibley: All right.

Mr. Sissons: ~~And~~ I was seeing some pretty strong handwriting on the wall, that there never was going to be a time when we would be able to finance and build a building ourselves under ideal conditions. We ~~had~~ ^{were} had a pretty graphic example of that in January of 1970.

Mr. Shibley: But these various memoranda, I'm not going to refer to them specifically, the various memoranda referable to the financing of this project were memoranda which reached you from time to time, were they not? And you ~~aware~~ ^{were} aware of the advice you were getting from the finance people within Hydro, is that correct?

Mr. Sissons: That's right.

Mr. Shibley: ~~So that's the proposition that's intended to be covered by~~

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MT.

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(Mr. Shibley)

~~finance people within Hydro, is that correct?~~

~~Mr. Sissons: That's right.~~

Mr. Shibley: So that's the proposition that is intended to be covered by paragraph one. Then paragraph two:
"We need to move ahead quickly, both because of timeliness (employment and finance) and because of present inefficient arrangements and planning of future leases."

So you were urging prompt action, is that correct?

Mr. Sissons: I certainly was.

Mr. Shibley: And you were urging, in these notes, I presume, a course of dealing which would limit the extent of any delay. In other words, the method which would be most expeditious, is what you had in mind.

Mr. Sissons: I was greatly concerned ^{by} ~~that~~ the number of imponderables there seemed to be in the situation and that this could result in another two or three years of delay if we didn't watch out.

Mr. Shibley: Well, in that connection, you had already had indications that the earlier plans were no longer appropriate, is that correct?

Mr. Sissons: That's right, sir.

Mr. Shibley: And that they would have to be wholly redesigned?

Mr. Sissons: Largely.

Mr. Shibley: Well you have heard the evidence, Mr. Sissons, ultimately they were scrapped.

Mr. Sissons: Yes, but at this point in time, sir, and I would like to come to this point as you read through the memorandum, this memorandum hangs very largely on the question of whether we could still hope to salvage something from these plans, and if so, ~~what~~ how.

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Mr. Shibley: Your evidence, therefore, is that as late as November 25, you and other people within Hydro were still ~~xxxx~~ contemplating the use, to whatever extent possible, of the original plans?

Mr. Sissons: Yes, sir, the general managers' minutes of November 22, I think, referred to that.

Mr. Shibley: All right. Now then in terms of moving ahead quickly, were you comparing the time delay which would result from ~~the~~^a revision of plans and the preparation of specifications in detail for the usual tendering process as compared with a lease-purchase arrangement, where all that delay would have been avoided?

Mr. Sissons: I was considering, I think, the whole range of problems associated with ~~w~~ this, including our own in-house problem of making a decision on it, because that's where a great deal of time could be consumed, in simply debating how we should proceed in this situation. Certainly the question of redesigning the building from scratch and investing additional money in it ourselves was a very poor alternative as far as I was concerned.

Mr. Shibley: All right. I am going on:
"We need to move ahead on a basis which will not attract unnecessary mistrust and criticism."

I'm not going to read the rest of the paragraph. The last sentence says;

"This will not necessarily cut any ice with those who are against urban concentration and see Hydro as environmentally calloused..."

Then paragraph four;

"We need to get the best possible building, custom tailored to our specific needs, one which will do credit to ourselves, the government, and the city, and stand the test of time and flexible use over the next fifty years or more, without being 'monumental' in character or cost."

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(Mr. Shibley)

Now, just stopping there, Mr. Sissons, what did you have in mind when you set forth that proposition?

Mr. Sissons: You are speaking specifically of item number 4?

Mr. Shibley: Yes.

Mr. Sissons: Well, I think the words are fairly precise.

We needed to get a building which served our needs as we were now defining them and on a very ~~an~~ different light than when we designed the first building - open office landscaping - ~~it's over~~ ^{a totally} different ~~kind of~~ ^{Does that help?} kind of utilization. Did I not make that clear, sir? When we moved into 77 Bloor Street, and Mr. Witbeck will testify to this very ~~stage~~ ^{fully}, if you wish, at a later time, we adopted a totally new process of office use. 

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(Mr. Sissons)

.... ~~We adopted a totally new process of office use.~~ ^{this} I think we pioneered in the city of Toronto, or very nearly so, on a large scale. We occupy ^{ied} the whole building without any office partitions; and this included senior offices, ^{is} our assistant chief engineer, and directors and so forth. It was a totally new process which required a new standard of acoustics, a new standard of servicing from the ceiling down instead of from the floor up, and a whole new range of design parameters. So, this ^{is} ~~was~~ one aspect of the custom tailoring that we were speaking of.

In the broader sense, ^{ing} one which will do credit to ourselves, the government and the city, and stand the test of time and flexible ease over the next 50 years or more, I think that's fairly clear. ^{was} I ~~was~~ say we need a highly imaginative and forward-looking building that won't be obsolescent the day it's built or 10 years from then, but is looking well ahead of the general standard of ~~spec~~ speculative building.

We've had quite a bit of experience as tenants in speculative buildings and we didn't feel, in general, that these looked ahead of the times. We felt that sometimes they hadn't caught up with the times ⁱⁿ ~~and~~ the ^{standards of design} ~~standards~~ that went into them. So, ^{we were} ~~not~~ very much concerned with a high standard of custom building. I'd better amplify that. Custom building accommodating a highly ~~low~~ ^c technological organizations. A great deal of our organizations, as you know, ^{is} ~~are~~ in engineering and technology. We have a very large draughting component amongst other things. We therefore need a high standard of lighting. We've got a wide range of engineering skills in our own organization and I may say, in respect to office accommodation ^{and} I don't intend to be critical in this respect ^{they} they are critical tenants. They're very intolerant about the shortcomings ^{that one finds} ~~of~~ in some buildings, including that air conditioning ^{er over there} ~~and all~~ that prevented me from hearing what Mr. ~~Brooks~~ ^{Brooks} was saying yesterday afternoon.

So that one of my problems, if I may say so, is to ^f ~~deal with~~ ^a ~~find~~ a high enough standard of building accommodation

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to accommodate some ^{of our} ~~many~~ fussy tenants, if I can put it that way.

Mr. Shibley: What you're really telling this committee is that you wanted this building to have a ^Eresidual value at the end of 30 years when you became owners of the building?

Mr. Sissons: Not only that, but I wanted it to be very highly regarded by the tenants while I was still in the unfortunate position of having any responsibility as a landlord.

Mr. Shibley: When you say "tenants," you mean other people working for Hydro?

Mr. Sissons: No, our own organization.

Mr. Shibley: Yes. You introduced an interesting item when you say that lighting standards needed to be higher because you have people who are doing draughting and are engaged in other highly technical forms of activities, is that correct?

Mr. Sissons: Yes.

Mr. Shibley: This building was ^{ultimately} ~~estimated~~ ^{spec-ed} for 150 candle power as compared with 100 in most commercial buildings.

Mr. Sissons: If I'm correct, I think it was to be maintained to 100; ^{it was} ~~as compared~~ ^{spec-ed} to 150, maintained to 100, which means that as the efficiency of the ~~the~~ lamps drops, you don't let them drop below 100.

Mr. Shibley: So this was the reasoning for this, if I may say so, exceptionally high standard of lighting requirement?

Mr. Sissons: Well, that was one reason. I don't know who feels it's exceptionally high. I know we're all conservation-^{is} conscious these days, but I would expect that lighting ~~in~~ one area in which the standard will move up rather than down.

Mr. Shibley: All right. You expect the general average to improve?

Mr. Sissons: Yes. We have ⁱⁿ ~~been~~ been in some buildings/which the lighting was unsatisfactory and we had to make modifications.

Mr. Shibley: It is a fact, though, that in most commercial buildings presently under construction they are content with 100 candle power at ^{desk} ~~this~~ level?

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Mr. Sissons: Maintained? I don't know whether that's true on a ~~xxxxxxx~~ maintain^{ed} whether it drops below that; but I ~~would~~ made some comments earlier about speculative buildings and I think that's one of the things ^{where} ~~they tend to get by on the bottom edge...~~

(Tape H 259 follows)

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(Mr. Sissons)

~~... relative buildings and I think~~
~~that is one of the things~~ they tend to get by on the bottom edge of the acceptable specifications.

Mr. Shibley: We will go on with paragraph 5:

"We need to devise, to help pay the cost, which has escalated very greatly since the building was deferred," ^{and} and I take it you are referring there to the report that was ~~compiled~~ compiled by, I believe, Hanscomb?

Mr. Sissons: Well, I wasn't referring specifically to that, I was referring to one's general knowledge of what was going on in the construction industry.

Mr. Shibley: Had you seen the Hanscomb report on escalation of costs?

Mr. Sissons: Yes, I have.

Mr. Shibley: "We need to devise ^a significant commercial tenancy of, say, the first ground floor and first sub-grade level". This was the introduction of something new in the concept for this building, was it not?

Mr. Sissons: Yes, sir, it was, and part of the reason for that was our own feeling, as it says there, that it would help to defray the cost in the long term. I don't think any of us felt that it was a highly attractive thing at the outset. It is a dead area now, but I think it went back beyond that to the fact that there had been some new breeze blowing at City Hall in which there had been various planning ^{re}commendations made or various planning comments, at any rate, to the effect that University Avenue was one of the finest streets in the nation or perhaps on the continent, that needed to be pepped up a little bit, to use the colloquial. You will recall that over the years there had really been no commercial development

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(Mr. Sissons)

on University Avenue; you were not allowed to have signs and so forth.

Mr. Shibley: In terms of your own plans, Mr. Sissons, this was something different than had been ~~previously contemplated~~ ^{previously contemplated}

Mr. Sissons: Yes, ^{it was, but} ~~but~~ when the previous design was being worked on in 1968 and 1969, I think it would not have been acceptable in terms of city thinking.

Mr. Shibley: I understand that. I am going on to paragraph 6: "We are in the very difficult position, both to meet the latter point and to incorporate other improvements and because we should now redevelop the site to its full potential all in one stage" -- Now, stopping there, this also was a change of direction in terms of developing the site to its full potential all in one stage?"

Mr. Sissons: Yes, sir.

Mr. Shibley: The original plan contemplated a two-phase development?

Mr. Sissons: Right.

Mr. Shibley: Yes. And then it says; "We are in the very difficult position of not being able to use the completed architectural plans which were put on the shelf in 1970 but rather must salvage from these the fullest possible redesign value" and that is what you were telling us about earlier, is that correct?

Mr. Sissons: The remainder of the memorandum ^{hinged} ~~hinged~~ on that ~~at~~ point as far as I ³ ~~am concerned~~ ^{understand}.

Mr. Shibley: You say the remainder of the memorandum hinged on that? What do you mean by that?

Mr. Sissons: Well, perhaps you had better read

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through the next paragraph so I can see whether I am right.

Mr. Shibley: All right. Let's go through it:

"On all ^{of} these grounds it appears as though our best interests would be served if we find the right type of lease back partner."

Now, stopping there, did you have a particular lease back partner in mind?

Mr. Sissons: No, sir, I did not.

Mr. Shibley: And when you had the meeting of November 22 and referenced one competent developer, who did you have in mind in that respect?

Sissons:

Mr. [REDACTED] Well, I think at that stage we certainly were referring to Canada Square but we were referring to one competent developer already having indicated a willingness.

Mr. Shibley: So that although you had Canada Square in mind when that note was made on the 22nd, you say that the note you compiled on the 25th was not intended to single out Canada Square?

Mr. Sissons: Well, nor, I think, sir, was the minute of the general managers' committee. It said, "one competent developer".

Mr. Shibley: I realize that. Let's go on:
"Because of item 6 it seems virtually impossible to solicit proposals from developers at large, or even from a select group of three or four in whom we would have reasonable confidence. I think we are in the position of having to select the developer in whom we have complete confidence and to support this decision by the fact that we have received so favourable a rate of financing from him and so favourable an

(Tape H-260 follows)

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~~by the fact that we have received so favourable a rate of financing from him and so favourable an~~ end rental that we chose him to participate with the original architects in the redesign and the construction of the building. As we have had a number of prominent developers asking to be allowed to participate, I think we should talk to them in general terms about financing, probable rental and other pertinent factors. We are initially favourably impressed with the results achieved at OISE in terms of the type of building, the apparent flexibility of the construction arrangements, and the very ~~low~~ favourable leasing and maintenance rate."

Now just stopping there, Mr. Sissons, did you have a particular developer in mind when you said, "I think we are in the position ^{of having} to select the developer in whom we have complete confidence"?

Mr. Sissons: I think I was saying two things. No, I certainly did not, in the use of the word "the", have any particular developer in mind. I was saying that, as a process, it seems to me we have to set out to choose a developer ~~and~~ it would have been more accurate if I had used the word, "a developer" rather than "the developer", and to support this choice by the fact that that developer, ~~whichever~~ whoever he might be, was giving us a rental, or a proposal generally, which was so favourable that we could justify proceeding on that basis. We had received no proposals whatsoever from anybody at this time.

Mr. Shibley: In exhibit ~~25~~ 25, you make reference to the proposition ~~of~~ | - |

"This could be a reasonable justification for proceeding without the complicating process of soliciting competitive tenders,".

Were you, there, talking about soliciting competitive tenders for a lease-purchase arrangement?

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Mr. Sissons: Well, I don't think we arrived at any decision as to how we could proceed with this matter at all, sir. I think we were considering we would look at all of the alternatives ~~and~~. As I say, I didn't write that minute and I don't have any exact feeling as to what we had discussed, but I think what I was saying was ^{that} if we could find some developer ~~who was~~ who was, in fact, prepared to sit down with our people and, in effect, salvage a major component of these architectural plans and in the process give us a package, presumably this would be a lease-purchase; obviously you are not going to get a developer, when we are talking about a developer we are talking in that area, give us a quotation which was clearly supportable in terms of its economics; that this might be one way out of the situation we were in with regard to ~~these~~ ^{these} plans.

Mr. Shibley: Mr. Sissons, you have given me a long answer. I just want to be clear, however, as to whether, ~~when~~ when this terminology was employed in exhibit 25, "without the complicating process of soliciting competitive tenders", were you then discussing competitive tenders for lease-purchase arrangements?

Mr. Sissons: Well, I am not sure that I understand the question, sir. I don't think the two are mutually exclusive.

Mr. Shibley: Well, let's just deal with them one at a time then. Were you thinking that if you went the ordinary tender route on a building you were going to design and build and finance yourself, that you would select one builder and not tender the job?

Mr. Sissons: No, I think— now I understand what you are saying— if we were going to solicit competitive tenders in the normal sense of the word we would have to have a specific design to which to do that.

Mr. Shibley: And you would have tendered it?

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Mr. Sissons: And we would have had to redesign the building, presumably, ourselves and then go out to tender; right.

Mr. Shibley: Yes, So that in exhibit 25, when reference is made to proceeding without the process of soliciting competitive tenders, you were talking about a lease-purchase?

Mr. Sissons: Yes, based on salvaging some of the existing plans, yes.

~~Mr. Shibley, Yes, I understand. Now we are down to lease-purchase is what you are talking about....~~

Tape H-261 follows

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↓

Mr. Shibley: I understand ^{how} we are down to lease ~~which~~ purchases, is what you are talking about. And coming back to Exhibit 26, when you talk about selecting the developer "in whom we have confidence," again were you projecting forward into this memorandum the idea that you would pick one developer?

Mr. Sissons: That is correct.

Mr. Shibley: And that you would do so without the complicating process of soliciting competitive tenders?

Mr. Sissons: Yes, I didn't see how we could solicit competitive tenders for a salvage job, if that's what we were going to do.

Mr. Shibley: Whatever was your motivation, at the moment I just want it clear, there ~~for~~ that, what you had in mind at the time you did your notes, which are Exhibit 26, was that you would select one developer with whom to negotiate a lease-purchase for your head office. ~~is~~ that correct?

Mr. Sissons: Well, ~~air~~, I don't know that it is. I am saying that that hinged on ~~the~~ the question of whether we were going ~~to~~ be able by this process to salvage a significant ~~part~~ portion of our original plans. I ~~thought~~ ^{thought} that was relatively clear from the last few words of item 6 and from my further reference to item ~~6~~ 6 in the following paragraph. ~~that was certainly what I was intending to express.~~

Mr. Shibley: Are you telling the committee, therefore, that, if there wasn't this ambition to salvage from the original plans, you would have discarded the notion of proceeding with only one developer?

Mr. Sissons: I think so, ~~air~~, because it seems to me that there is another exhibit, dated April 2, in which I have made a much different recommendation.

Mr. Shibley: Well, we will get to that exhibit.

Mr. Sissons: So that is what I am saying; this is a change in thinking that related to the possibility of salvaging some of the plans.

Mr. Shibley: At the moment, Mr. Sissons, I'm trying to establish your thinking and the thinking of the general managers as at November 25, 1971. ~~And~~ I take it that you say for the reason that you wanted to salvage the original plans, your then thinking was to select one developer and negotiate a lease-purchase with him without entertaining competitive proposals. Isn't that so?

Mr. Sissons: For the purpose of salvaging plans - yes.

Mr. Shibley: That was your then purpose?

Mr. Sissons: Yes, and I think I should have said earlier that I have a very clear recollection that this arose from a strong feeling in the general managers' meeting that it simply wasn't ~~going~~ going to be acceptable to try to proceed without some significant salvage of the existing plans.

Mr. Shibley: All right. And then you went on and said, "As we have had a number of prominent developers asking to be allowed to participate, I think we should talk to them in general terms ~~of all~~ financing, probable rental, and other pertinent factors." How do you reconcile the decision to deal with one developer for lease-purchase and talking to others who had presented themselves in general terms?

Mr. Sissons: Well, that is part of the selection process that I foresaw. ~~What~~ What I was intending to say ~~was~~ was there that I thought we ought to talk further to several developers and see whether in their thinking, in terms of financing, rental and design terms, whether this was a practical process at all, their attempt to salvage something from these plans, ^{and} ~~and~~ that as a result of those talks we should then consider whether one of those developers could undertake this.

Mr. Shibley: Mr. Sissons, by November 25, there had been an in-depth analysis, had there not, of the arrangements at the ~~Grey~~ ^{OISE} building?

Mr. Sissons: Yes, this had certainly been going on all summer.

Mr. Shibley: Mr. Cameron had made two reports?

Mr. Sissons: Yes.

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Mr. Shibley: Mr. Dean had made two reports;

Mr. Sissons: Yes, Sir, the next sentence says that ~~that~~

We are very favourably impressed with that

Mr. Shibley: And I put it to you that as at November 25 what was prominent in your thinking were the arrangements that had been made at the ~~CISE~~ ^{CISE} building.

Mr. Sissons: I think it's fair to say, and this is, as I say, the second thing I was trying to say here, which I hadn't quite gotten to and I should have. ^{the} first thing was from a general note that we should try to select a developer who could salvage plans.

~~The second thing I was trying to say was that we~~

(Tape H-262 follows)

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~~...try to select a developer who could salvage that.~~ The second thing I was trying to say was that we are favourably impressed with the OISE development and the development thereof, and we, in fact, think that this is a company who perhaps could do this for us.

Mr. Shibley: You notice the last ~~sentence~~ sentence in that paragraph: "If we conclude this is the course to follow, the fact that the same developer had had both jobs might involve an additional point of criticism, for both ourselves ~~to~~ and the government, for which we should be prepared." Is that correct?

Mr. J.H. H.J. Sissons: That is ~~correct~~, right.

Mr. Shibley: Now, Mr. Sissons, I put it to you that as of November 25, not only had you decided to deal with one developer for the lease-purchase, but you had decided to recommend to the Chairman, and through him to the Commission, that that developer should be Canada Square.

Mr. H.J. Sissons: Well, sir, with respect, I think you are putting words in my mouth. I don't think I had gone that far. I ~~had~~ certainly was indicating that this was a possibility; and that if we proceeded on this basis, it would most certainly be a contentious, it would be a contentious matter; But I did not make a recommendation in that respect. I said, if we conclude that this is the basis to follow. So, as Mr. Gathercole ~~so~~ very ~~aptly said~~ aptly said; "I don't make all the decisions around Hydro," and I certainly wasn't making one here, ~~and~~ I wasn't making a firm recommendation here.

Mr. Shibley: You also heard Mr. Gathercole interpret these notes as indicating to him that you had recommended the selection of one developer, and that he wasn't going along with it.

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Mr. H.J. Sissons: Well, I suppose it is capable of that ~~the~~ interpretation, sir, but I don't think those notes went that far.

Mr. Shibley: ~~It is~~ ^{I see} So your evidence to this committee is when these notes were compiled you did not have ~~Canada~~ Canada Square in mind as the developer with whom you would negotiate a lease-purchase without soliciting competing tenders?

Mr. H.J. Sissons: No, I certainly felt that ~~there~~ they were one developer who could perhaps do this for us.

Mr. Shibley: Then, to go on; "One other question should be raised in confidence," and then you mentioned the Yolles and Rotenberg plan, and describe it as a highly imaginative plan, including major office structures, etc., and then the last sentence in that paragraph - "While this ~~is~~ might reduce our exposure to public criticism, in the area cited above, it would be quite feasible in other respects, and no doubt popular enough with the staff. There is no other rationale for abandoning our own redevelopment plan if we can negotiate acceptable terms."

Now, Mr. Sissons, do I interpret that correctly to mean that you were not favourably inclined to adopt ^{the} Yolles and Rotenberg plan for placing your head office in what was called the Centre Park development on the Eaton site? Is that correct?

Mr. H.J. Sissons: I don't think it is, ~~as~~ strictly. I was quite intrigued with this idea personally. ~~When~~ ^{As} I said, I tried it out on a few of my colleagues, and got a fairly cold shoulder, ~~and~~ I couldn't see any strong rationale for doing it other than what you might call, you know, the very broad rationale of the fact that our presence at the head of University Avenue had always been a contentious one. Whenever we talked about building this building, someone or other had raised an objection about it; ~~and~~ I just thought maybe this ~~was~~ ^{was} a way to move in a different direction and it would be a rather exciting way because had this plan gone ahead, and by the way, it has not gone ahead, I believe it is in different

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hands now, and so far as I know it hasn't proceeded, ~~it~~ it certainly would have been an exciting and interesting environment, ~~and~~ We had every confidence in Yolles and Rotenberg^g as developers, but I couldn't find a rationale for this that anybody else was willing to buy, ~~and~~ Of course, one of the big limitations was that we already had a major investment in the block ~~behind~~ behind University Avenue, ~~with~~ ^{with} our printing plant and our computer installation and ~~our~~ ^{our} parking facilities and so forth.

(Tape H-263 follows)

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~~g(Mr. Sissons)~~

~~printing plant and our computer installation and our parking facilities and so forth.~~

Mr. Shibley: Well, how did you intend the recipients of this memorandum to interpret your view as to the Centre Park development?

Mr. Sissons: Well, I don't think I was putting forward very much of a view. I was saying that one other question which should be considered is this question, and we did arrange to have a meeting with Y and R on this a little later on. I wasn't making any specific recommendation; I was saying this had been broached to us in confidence by Y and R and I thought it should be talked about, put on the table and talked about.

Mr. Shibley: Mr. Sissons, I would like to know ~~at~~ at what point of time -- and it would obviously be at a point of time on or before November 25, 1971 ^{when} you formulated the opinion that Hydro should proceed on a lease-purchase basis to deal with a particular developer.

Mr. Sissons: Could I understand that question a little bit better? Are you asking me ~~at what point in time I decided that we should proceed with a lease-purchase on a lease-purchase basis?~~ ^{at} what point in time I decided that we should proceed with a lease-purchase on a lease-purchase basis?

Mr. Shibley: Yes.

Mr. Sissons: But not at what point I decided ~~that we should deal with a particular developer?~~

Mr. Shibley: Let's deal with it one part at a time.

Mr. Sissons: I would say I probably decided that in my mind, or had a very strong predilection about it, in January of 1970.

Mr. Shibley: Yes.

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Mr. Sissons: Because I think I had a pretty strong feeling that there was enough handwriting on the wall that we were never going to find the right time in the economic cycle, or the right ~~ix~~ attitude with regard to financing, to get ahead and build our own head office building which, as far as I was concerned, was about 10 years overdue and we were already out of time. And there were very, very unsatisfactory operating conditions.

Mr. Shibley: Did you communicate that viewpoint, let us say, from late 1970 until April of 1971?

Mr. Sissons: I think that I may have communicated it in March of 1971 to the general manager. I don't think there's an exhibit on that ^{matter}.

Mr. Shibley: Not yet. I think you're in error as to the date. I'm about to produce to you a document dated April 22, 1971, which is a memorandum from you to the general manager, which is why I picked the period. You said you had a predilection about this in ~~late~~ late 1970, and I asked you did you communicate your thoughts in that respect at any time up to April of 1971.

Mr. Sissons: That was what I said ~~may~~ ^{that} saying in my own mind I think I was right.

Mr. Shibley: I realize that.

Mr. Sissons: But I think, sir, with respect, there is an earlier memorandum than this. Is this an exhibit, this one that you ---

Mr. Shibley: Not yet, but I'm going to ask that it be made ~~one~~.

Mr. Sissons: I think there is an earlier memorandum which has not been entered as an exhibit. Perhaps Mr. Genest can help us on that one.

Mr. Genest: There was one in August of 1969, Mr. Shibley.

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Mr. Sissons: I think I was thinking of another one, on March 3, 1971, a memorandum from myself to Mr. Gordon.

Mr. Shibley: I have to tell you, Mr. Sissons, I don't believe I have that ~~memorandum~~.

Mr. Genest: March 3, 1971?

Mr. Shibley: Is it an exhibit?

Mr. Sissons: No, sir.

Mr. Genest: No, it's not an exhibit, sir.

Mr. Shibley: Well, I haven't got the document.

Mr. Chairman: You have a copy of it there, do you, Mr. Sissons?

Mr. Sissons: I happen to have a copy of this ---

Mr. Genest: I have the original here



Tape H 264 follows

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~~(Mr. Shibley)~~
~~Mr. Shibley: Mr. Genest, may I see the documents? Mr. Chairman, this is 130.~~

Mr. Chairman: ^{we} Whichever one ~~decides~~ to make the next exhibit ~~the~~ will be 130.

Mr. Shibley: I would just like to look at this document.
^{Chairman} ~~Mr. Shibley~~, I'm going to leave this earlier document. I'd like to study it during the recess and have it reproduced. There are a number of elements in it. In any event, Mr. Sissons, I'm going to ask that your memorandum to Mr. Gordon of April 22 be entered as the next ~~exhibit~~ exhibit.

Mr. Chairman: One hundred and thirty!

Mr. Shibley: In order to get the chronology complete, you say that the first communication in this connection was in early March; March 3, 1971, and that's by memorandum to Mr. Gordon, that I'm not about to exhibit. Then, I'm producing to you -

Mr. Sissons: Could I just interrupt there again for a minute. ~~There's~~ ^{It lay} behind that memorandum of March 3, though it's dated after it, on March 5, ^{The} memorandum from Mr. Witbeck to me confirming ~~that~~ the discussion that he had had with me about additional space requirements, ~~which~~ gave rise to my memorandum of March 3.

Mr. Shibley: All right. Well then, I suppose we'd better put this in chronological sequence. I must tell you I've never seen that memorandum ~~from~~ ^{the} from Mr. Witbeck either. Let's start ~~to~~ process now.

~~Now~~ I produce to you a memorandum from Mr. Witbeck to yourself dated ~~February~~ February 19, 1971, which I asked to be made the next exhibit.

Mr. Chairman: ^{hundred and} One ~~thirty-one~~.

Mr. Shibley: And because we don't have copy, I'm going to read it out: "After seeing you this afternoon, I saw Charlie McCarter who took me in to see the Chairman, for half hour as it turned out." Who's Charlie McCarter?

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10.45 - 10.50 a.m.
R.E.S.

H-264 - 2

Mr. Sissons: He's the chairman's executive assistant.

Mr. Shibley: All ~~right~~ right.

"We (he) spoke of many things, difficulties of money, head office, staff growth, and so on. I indicated to him that I expect to lay before you a request for more space for the end of 1972 or the middle of 1973.

"Re. the expenditure for \$1,515,000 for the Service and Engineering Buildings, we discussed this at some length. Of course he is reluctant to agree to spend either of the two sums that total to \$1,515,000, but ended by saying that he would 'not stand in the way'. I advised him that this is a programme we are going into because we have no definite knowledge of our own new head office building, and that, if we had such definite assurance, it is not now too late to change our decision on the ~~new~~ computer move. I presumed to him that the computer people even now could agree to forego their plans if they knew a new head office building were to come.

"The ~~next~~ result of this discussion between us is this: I agreed to withhold further action on this \$1,515,000 expenditure until the middle of next week. He will try to contact the new Premier-elect to get his attitude on our new head office building. If this attitude is forthcoming, and it is favourable, then I presume Mr. Gathercole would want to have reconsidered the computer move to the Service building.

~~We saw he will have to~~

(Tape H-265 - 1 follows)

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10.50 to 10.55
M.F.

H-265-1

(Mr. Shibley)

~~because Mr. Whitecole would want to have reconsidered the computer move to the service building.~~ "He says he will be talking to you and Mr. Gordon about this, ~~a~~ but I was to inform you of this discussion." Now what impact did this document have on you?

Mr. Sissons: Well I don't think, as it turned out, it had really any impact. This was another one of these very serious pangs we were going through. We were having to spend a million and a half dollars to move our computer organization, which was to have gone in the sub-grade space in the 1969 design building, and the chairman, quite understandably, was gagging very badly on this, ~~and I think~~ We had really made the decision that we had no other alternative, because the computer operation was kind of a dynamic thing that ~~was~~ involved a huge programme such as billing the customers and ~~stretching~~ collecting the money with which to pay salaries and so forth. ~~and~~ The load on ~~these computers~~ ~~the main accounts~~ for servicing our construction jobs, and our stores and the whole works, was expanding at such a rate that they had got themselves in a position where they simply couldn't continue to operate beyond a certain point in their present building.

There were questions of floor loadings and electrical supply and the whole range of physical problems, so that, to cut a long story short, we had decided we really had no alternative but to plan them into the building across the road, and we have been telling the chairman, and I am quite sure the commission of that time too, that we were going to have spend this very substantial sum of money to do it, ~~and~~ So I have been pressing Mr. ~~White~~ ^{Without}, as I recall it, and he can no doubt testify about this, ^{as to} whether he was really sure we couldn't talk these computer guys out of this and say, "Look, can't you, somehow or other, hang on where you are until we can get some definitive plan about a new building"?

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M.F.

H - 265 - 2

(Mr. Sissons)

(5) I had to be away that afternoon, and I suggested that he go and talk the thing through with the Chairman and see if we could get any feeling at all that we might be able to adopt ^a ~~the~~ plan for a new building soon enough for us to be able to go back to the computer people and put some pressure on them to hang on.

~~As~~ ^A it turned out, this didn't transpire, and I remember a discussion very shortly after this with the general manager in which he said we had better go ahead and ~~do so~~ ^{put up} this computer room and get on with it and not take any chances.

Mr. Shibley: Yes. I note from this document, ~~the~~ reference to communications with the new Premier. ^T That would be Premier Davis. Is that right?

Mr. Sissons: I ~~assume~~ ^{assume} so, yes.

Mr. Shibley: So that at this point in time again there was some contact with government as to whether it was timely to get on with your new building?

Mr. Sissons: Well I should think so. ~~There was~~ ^{had been} the previous Premier, of course, involved in the decision to cancel ~~the plan~~ ^{to defer it}

Mr. Shibley: ~~I~~ ^{Yes} yes. Now do you say that this type of memorandum was already inspiring you to think in terms of an alternative method of dealing for your new head office building?

Mr. Sissons: No, I don't think that memorandum as such, but I think the other two memoranda to which you are referring, to which we are going to talk later, my memorandum ^{of March} ~~to Mr. Gordon~~ ^{3rd} to Mr. Gordon, and specifically Mr. Witbeck's memorandum of March 5th -

Mr. Shibley: You will have to speak up a little bit, Mr. Sissons, I am having trouble hearing you.

Mr. Sissons: Mr. Witbeck's memorandum of March ^{5th} ~~5th~~

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M.F.

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(Mr. Sissons)

was the one that really ~~was the one that really~~ put the pressure on this whole situation again, because he was saying that if we don't get on with a new building we are going to have to take on another new major lease some place.

Mr. Shibley: Have you got another Witbeck memorandum?

Mr. Sissons: Yes.

Mr. Genest: Mr. Shibley, you got ⁰these, along with a copy of the memorandum ^{from} ~~to~~ Mr. Gordon explaining the gap in material.

Mr. Shibley: The gap in the material provided to me?

Mr. Genest: Yes. You ^{had} ~~was~~ raised the question of why there was no materials ~~being used~~.

~~Mr. Shibley: Oh yes, all right.~~

~~Mr. Genest: April 22nd, 1971.~~

Tape H - 266 follows

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10:55- 11 am

C.B.

(Mr. Genest)

~~you raised the question of why there were no materials~~
1970, ^{22,} and April 1971.

Mr. Shibley: Fine. Then, can we keep in chronological order? There is a memorandum of your own to Mr. Gordon dated March 3, 1971. Is that correct?

Mr. Shibley:
Mr. Sissons: Yes. I will ask it to be made the next exhibit.

Mr. Chairman: Exhibit 132.

Mr. Shibley: I'm ~~am~~ going to produce this to you so that you can point up ~~it~~

Mr. Chairman: ~~For your committee~~ ^{who don't} ~~would you see the members have~~
~~or~~ ^{have to} a copy of 131 ~~and~~ 132, ~~and~~ they'll be reproduced at noon hour and given to you.

Mr. Bullbrook: Would a break now assist us?

Mr. Shibley: I'm beginning to think so.

Mr. Bullbrook: Well, it would assist me.

Mr. Chairman: All right, it is 11 o'clock.

We'll put it down that Mr. Sissons is requesting the break. Until five after 11.

H 267 to follow

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11.15 to 11.20 am
DT

(Mr. Chairman)

We have made a memorandum from Sissons to Gordon, dated March 3, 1971, exhibit 132, and there is one further memorandum that counsel for Hydro asked to be made an exhibit, being a ~~new~~ memorandum, dated March 5, 1971, from Witbeck to Sissons, ~~and~~ I asked that that be made exhibit 133.

Mr. Shibley: Those are the three memoranda, Mr. Sissons, that I gather you intended to refer to as influencing in part at least your thinking, ~~lead~~ leading up to your memorandum of April 22, 1971, which is exhibit 130. Is that correct?

Mr. Sissons: Now, I have lost the April 22 memorandum. Somebody took it while I was ~~out~~ *during recess.*

Mr. Shibley: All right.

Mr. Sissons: Yes, I think this is so, Mr. Shibley. Just to go back a little bit, the ~~source~~ *down the* of information that you earlier referred to really resulted from the fact that the whole question of the head office building was in limbo during 1970 while we regarded our ~~lines~~ *lines* and moved into 77 Bloor Street. ~~and~~ I ~~guess~~ *guess* that during the year we probably moved almost entire the head office organization in one way or another in this musical chair process. ~~So~~ *So* on March 3, having been advised orally by Mr. Witbeck that the growth rates were again outstripping any leases that we had ~~any~~ *and* other space that we had outside and we would have to be looking fairly soon for some other kinds of a major office occupancy, ~~On~~ *much* March 3 I wrote Mr. Gordon to that effect, ~~and~~ I certainly was very disturbed at this situation because it had gone on and on and on and here we were again with no adequate plan in front of us, ~~so that~~ *so that*, in that sense, this led up to the memorandum of April 22 to Mr. Gordon in which I said we had better get busy and do something about it.

Mr. Shibley: All right. Now I would like to deal with that memorandum of April 22, 1971, exhibit 130. In it, you state: "While we are still in the throes ~~of~~ *of* our last unplanned and costly move into an externally owned, gas-fired, poorly lighted

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DT

(Mr. Shibley)

building, we are on the verge of having to decide where we go from here." ^{You} ~~Ma~~ have now named five sort of criticisms of proceeding without building your head office building in that one hard sentence. Is that correct?

Mr. Sissons: Is it only five?

Mr. Shibley: Well, there is a sixth one coming up, and that has to do with ~~any~~ inefficient leases. I have got six reasons noted on my memorandum why you felt you should get ~~i~~ on with your ~~a~~ building. That's five there, isn't it? You call it unplanned, costly, externally owned, gas-fired, poorly lighted. Those are five reasons, ~~and~~ ^{etc.,} and say: "Changes in growth rate, ~~xxxx~~ have caused us to hold on to a number of external and inefficient leases." That's the sixth reason you are advancing. Is that correct?


Mr. Sissons: Yes.

Mr. Shibley: "Totalling 68,000 square feet which we had expected to liquidate and ~~on~~ which ~~we~~ will now require renewal during 1972 and 1973. Unless there is some change in corporate direction, apparent future growth rates will dictate the need for an additional 200,000 feet in the three years prior to December, 1975." Now I take it that the whole import of this paragraph was that you felt there should be a change in corporate direction in favour of going ahead with your own head office building.

Mr. Sissons: Yes, I felt that some plan should be devised and gotten on with immediately.

Mr. Shibley: Then you went ^{on:} ~~xxx~~ "Unless we can be sure that a new building, owned by the commission, will be committed within the next year, we must get into negotiation with some developer for a major new rented facility."

(S-268 to follow)



H-268-1

(Mr. Shibley) ~~xxxxxxxxxxxxxx~~

~~And the next year we must get into negotiation with some developer for a major new rented facility,~~ all electric, presumably in the Bloor-Bay area."

Now would you explain to the committee what you intended by that sentence?

Mr. Sissons: I was saying that apart from our ~~own~~ own head office location on University and the buildings lying immediately behind it, our next major locus was the Fairview building at 77 Bloor Street West, corner of Bay and Bloor, into which we had reorganized our whole engineering functions and other related functions, and that if we were going to have to take down more leased space, rented space, we had better do so, in my opinion, in the Bay-Bloor area because there was nothing available in the University Avenue area, and we had better at least try to cut down this geographical scatter. There was, as I recall it, ^{of} had been, I am not just sure of the dates on this, an approach from the Cadillac people who ~~own~~ ^{ed} the vacant ^t piece of land, and still do, at the corner of St. Mary's, I think it is, and Bay, at any rate it is one full block south of the Fairview building. ~~and~~ They had approached us as to whether we'd be interested in being a prime tenant in that building if, as and when it was built, and that they would be very happy to make that building all-electric since we obviously had preference in that direction. I think that is what I was alluding to in that paragraph.

Mr. Shibley: So that, just to be clear, you were talking in this memorandum about leasing space? Not a lease-purchase arrangement?

Mr. Sissons: This is simply renting space on the market, but I was saying that on the present market major developers such as Cadillac don't seem to be committing buildings unless they ^{have} ~~had~~ a prime tenant who ^{will} ~~would~~ carry most of the ² ~~rate~~ freight.

MR. Shibley: I understand. And Mr. Sissons, what you had in mind was negotiating with a developer to build a building in which you would integrate your head office people?

H-268-2

Mr. Sissons: Yes, it wasn't a lease ~~purchase,~~ it was simply saying, "If you will build a building we will contract ^{for} ~~so~~ much space for ~~so~~ many years at such and such a price."

Mr. Shibley: Were you intending to pull together and eliminate the scatter?

Mr. Sissons: Yes, exactly. That was one of the things ~~concerning~~ concerning me most. We had little bits and pieces all over the place in five or six buildings, and we couldn't carry on this way.

Mr. Genest: Mr. Shibley, I didn't understand your question. Did you mean that ~~this~~ ^{new} ~~new~~ facility would pull together all of the Hydro ~~developments?~~ ^{developments? Was this Mr. Sissons'?} ~~as this was~~ ^{ing} understanding?

Mr. Shibley: Mr. Sissons, were you intending to pull together the same people that you would otherwise have pulled together in a new head office building?

Mr. Sissons: No. I'm sorry. ~~We~~ ^{feet} refer back to Mr. Witbeck's memorandum of March 5 and he was indicating there, as I recall it, that we needed probably 200,000 ~~feet~~ of new space and that we could as well consolidate 65,000 feet that we had in smaller holdings elsewhere. What I was saying was, if we are going to have to go into yet another leased premises, let's make it big enough to put all the bits and pieces that we have got elsewhere in there. We ~~would~~ ^{would} still be hanging on to 77 Bloor and we would still be operating out of our own premises.

Mr. Shibley: I notice in the last sentence in that paragraph, "Such negotiation would include absorption of other interim ~~leases~~ ^{leases} necessary to bridge the gap".

Is that correct?

Mr. Sissons: Yes, that was the smaller.

Mr. Shibley: Did you have in mind that the developer would be asked to absorb the interim leases that you had for the accommodation of staff that would be pulled into this newly centralized building?

Mr. Sissons: Yes. I'm not sure just when I talked to Cadillac, without referring to my notes, but certainly this was their idea and I think would have been standard in the ^{trade} ~~area~~ that anybody ^{who} was trying to ^{sell} ~~sell~~ you a major new rented facility would

11:20 - 11:25 am
CA

H0268-3

(~~Mr. Sissons~~)

say, "Look, ~~I~~^{we} know you have to carry on where you are ~~until we~~^{and}
~~you~~ may even have to take down some more space temporarily.

H269-1 follows



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PLG

(Mr. Sissons)

~~We know you have to carry on where you are until we~~ and you
~~may even have to take down some more space temporarily elsewhere~~
while we get this built; so we'll undertake to take that off your
hands and sublet it for you when you move into our building."

Mr. Shibley: Why didn't you undertake that type of
arrangement with Canada Square?

Mr. Sissons: I am not sure I understand your question.

Mr. Shibley: Well, I'll refer you to your memorandum of
November 23, 1972, which is Exhibit 115. This is the document
wherein you alerted Mr. ~~McMurtrie~~ to the amount of surplus space
that Hydro was going to have on its hands and respecting which
arrangements should be undertaken immediately to sub-let.

Mr. Sissons: I think this is rather a different situation,
if I may say so. There are several aspects to this, as I am sure
you appreciate. One is the extra space that we are building into
the Canada Square building so that it will be there for us to
draw down as we expand in the future and need it. That is one
thing, and we are expecting to rent that out ourselves at a
significant profit. I think that ~~is~~ it is a very ^{attractive} ~~practical~~
location and it shouldn't be difficult to market that space ~~and~~
~~that was explicit in the agreement that we were~~ Canada Square
would have been prepared to take that space, or at least a
substantial part of it, as I think would any other developer, and
market ~~it~~ themselves at a profit. But we prefer to do that
ourselves. Secondly, most of our other external leases will be
expiring in sequence ~~and~~ with our moving into the Canada Square
building ~~leaving~~ -- except for the major one, of course, at 77
Bloor Street. When we went into 77 Bloor Street, the shortest
term we could get was 10 years. We tried very hard to get a
shorter one and in relation to committing ourselves for 10 years,
I think we got a very favourable leasing rate ~~and~~ while, as I said
in this memorandum, there is, according to trade information,
the possibility that there may be an ~~overbuilding~~ cyclical
overbuilding of office space in the ^{core} ~~Bloor~~ area, ~~in~~ or about 1975, ~~on a~~
~~the~~ short-term basis, we feel also that this space at 77 Bloor Street

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PLG

(Mr. Sissons)

is very ~~desirable~~ ^{desirable} space, despite the fact that it is gas-heated and not as well lighted as one might like. It is good space which we have at a good rate and we again expect to have no serious difficulty subletting that if we start on it at an early date. This is the only reason my ~~was~~ friend, Mr. McMurtrie, was to say, "let's get ~~it~~ going on this, We have got quite a package of space to deal with."

Mr. Shibley: You mentioned earlier that it was standard to negotiate with a developer for the developer to assume ~~responsibilities~~ responsibility for space occupied on an interim basis. Was it ever the subject of negotiation with Canada Square or any developer?

Mr. Sissons: No, Sir, it was not ~~and~~ I would not have considered it to be realistic to do so on the kind of scale that was represented at Bloor Street. I was talking here in this earlier memorandum about bits and pieces, about bridging ~~space~~ space, you know, but this is a major ^{thing} ~~and~~ This is a whole building at 77 Bloor Street, owned by another concern, and I wouldn't have thought that that was realistic.

Mr. Shibley: All right.

Mr. Bullbrook: Well, I want to understand this response. The evidence that you have adduced from the witness is that 77 Bloor Street was never contemplated in connection with any lease-back arrangement or direct construction arrangement ^{or} ~~that~~ that the developer or builder would take over the obligations of 77 Bloor Street? Is that your understanding?

Mr. Shibley: I understand the witness's evidence and I was led into asking him about it in this way. In his April 22, 1971, memorandum, which is Exhibit 130, he said that negotiations with a

Tape H 270 follows

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M.R.

(Mr. Shibley)

~~memorandum, Exhibit 130, he said that negotiations~~

~~with a~~ developer would include negotiations for the absorption of other interim leases necessary to bridge the gap.

In this regard, the witness has said that he was contemplating a developer building a building for Hydro in the Bay-Bloor area, the developer to build a building to Hydro's needs to accommodate some but not all of the people who would otherwise be accommodated by a new head office.

I then confronted him with the fact that in Exhibit 115, dated November 23, 1972, he referenced the need to concern themselves about subletting space that would be surplus to Hydro as at the completion of the new building. And what he has now said is that although he considered it appropriate to negotiate for the ~~building, the lease~~ absorption of ^{interim} ~~longer~~ leases of smaller areas, and that he considered that appropriate when dealing for the lease of a building by a developer, he did not consider it appropriate as a negotiating item in respect of a lease-purchase.

Is that a fair statement of what you said?

Mr. Sissons: Yes, I think I didn't consider ~~that~~ it either appropriate or necessary. I've said that I think we hold this space at 77 Bloor at a very favourable rental rate relevant to the market and that it should not be difficult to dispose of it. This is a risk that we felt we could undertake without any major concern. We moved out of the Global Building - there's some reference to this somewhere here - or gave notice that we were going to move out of it in order to get into the 77 Bloor Street and before we got out, another major tenant snapped it up and then starting pressing us to get out early.

And the Global Building is not as desirable a building as is 77 Bloor Street in terms of location.

Mr. Bullbrook: I regret interrupting. I just want to clarify, if I might, to the ~~witness~~ witness. At no time was it contemplated that there would be an absorption by a developer

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M.R.

Mr. Bullbrook

or a lease-back arrangement ~~at~~ 77 Bloor Street. Isn't that the essence of your evidence?

Mr. Sissons: I think that is correct, yes.

Mr. Bullbrook: Thank you.

Mr. Shibley: Then, carrying on with Exhibit 130, you say, "Before either of these steps are taken we should re-confirm whether or not the best long-term course for the commission is to develop one large central head office in this location. My own view of that is that the factors earlier pointing in this direction have not changed. I think it essential that we have a strong consensus on this ~~was~~ without going so far as to make a great research exercise of it."

Then ^{on} the next page you propose to establish a small task force ^{to} ~~to~~ with a view to producing within one month a recommendation on which the general managers' committee and the commission can act." And then you name the people who should form that task force.

Now, was that task force, in fact, created?

Mr. Sissons: No, sir. I believe that caused some confusion the other day. It was not created and, as nearly as I recall it, it was because the general manager, subsequently ^{to reach} ~~he~~ looked when ^{you've} ~~he~~ studied this thing ^{ad nauseum}, we don't need another task force to look at it."

Mr. Shibley: Was the memorandum of April 22nd, a memorandum which pre-dated or postdated your meeting with ^{Barry} ~~Barry~~ Brooks of OISE?

Mr. Sissons: It pre-dated it by April, May - June 10th I believe was the date ^{of} ~~was~~ the meeting with Mr. Brooks.

Mr. Shibley: I mean the meeting with Mr. Brooks when he came to see you referable to Victoria College.

Mr. Sissons: Well, now, sir, I think there is a major point of confusion here.

Mr. Shibley: All right.

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11.30 - 11.35 a.m.
M.R.

Mr. Sissons: I couldn't hear very well yesterday afternoon, because of this inefficient airconditioner over here, exactly what Mr. Brooks said. But I think he got his dates mixed up and if it has a material bearing on the evidence ^{that} we perhaps better try to straighten that out.

I haven't had the benefit of Hansard this morning.

~~Can somebody tell me exactly what~~



H-271 to follow

June 6, 1973
11:35 - 11:40 a.m.
B.G.

H-271-1

Mr. H.J. Sissons: ~~What, I haven't had the benefit of~~
~~Hansard this morning.~~ Can somebody tell me exactly what ~~he~~ Re
said in that respect?

Mr. Shibley: First of all, Mr. Sissons, when do you
say you had that meeting with Mr. Brooks?

Mr. H.J. Sissons: Well, I'll just have to check my
records here ~~if~~ if I may. I don't know that I have got that
item here. It was a very few days before we went to OISE
and met him in his office there.

Mr. Shibley: I put the question to Mr. Brooks in this
way, "I want to take you back to April, 1971." I am reading
from Hansard at page 239-1. ~~There~~ "There has been evidence
given out about that time that there was a communication between
yourself and Mr. Sissons, Mr. Henry Sissons, who is an assistant
general manager ^{of} services, with Ontario Hydro. Now, do you
remember getting together with Mr. Sissons in April of that year?"
Answer: "I do." And would ^{you} tell the members of this committee
the circumstances surrounding your meeting with Mr. Sissons?"
And then he talks about Victoria College.

Mr. H.J. Sissons: Well, sir, I'll have to investigate
this rather carefully. I was afraid when I heard this that Mr.
Brooks' ~~recollection~~ ^(B) of the circumstances didn't coincide with
mine. There were two occasions on which I met Mr. Brooks. One
was in his office, on the date on which we met with him, and I
think this was in one of the exhibits. The second occasion,
^{it's} ~~my~~ my recollection, ~~is~~ ^{was} ~~that~~ subsequent to that, ^{it} ~~was~~ when he
came to see me about this particular matter to which reference
is made here, having to do with Victoria College.

Mr. Shibley: To be fair to you, Mr. Sissons, there is
another reference at page 239-3, & I asked him, "when did you go
to see him", and Mr. Brooks answered, "It was in the spring of
1971".

Mr. H.J. Sissons: ^{well} Again, sir, I would have to check this. If this was in reference to the vacancy in the ~~College~~ presidency at Victoria College, I think that was in 1972 and not 1971.

Mr. Shibley: Well, Mr. Brooks' ~~whose~~ testimony, generally, Mr. Sissons, was that he went to see you for that reason.

Mr. H.J. Sissons: That is right.

Mr. Shibley: In the spring of 1971, and while he was discussing that with you, he introduced the subject of the arrangements by which OISE had had its building constructed; at the same meeting.

Mr. H.J. Sissons: Yes, well, what I'll have to check, sir, is whether my dates correspond with his, because I am very much ~~afraid~~ afraid at the moment ~~that~~ they don't.

Mr. Shibley: All right.

Mr. H.J. Sissons: There was another matter, a previous matter, on which Mr. Brooks ^{and I} had been in touch, having to do with Victoria College, ~~and~~ that was ~~in~~, as I think Mr. Gathercole alluded to in his opening statement, ~~was~~ in reference to a real estate matter ^{over} which I was serving on the property committee of Victoria College. ~~And~~ my recollection is, ~~that~~, which I can certainly confirm over the lunch-hour, that it ~~was~~ was in reference to that matter, that he and I held a telephone conversation, and this question about the status of our building and his suggestion that we might be interested in the OISE building, came up.

Now, this other visit which he made to me in my office, on this other matter.

Mr. Shibley: Well, Mr. Sissons, you can check it, You see now what the significance of my question is?

Mr. H.J. Sissons: Yes, indeed, I do. Indeed I do.

Mr. Shibley: I want to know whether your memorandum of April 22, 1971, Exhibit 130, was spawned by his visit to you at or about a time shortly before that memorandum; or whether

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11:35 - 11:40 a.m.
B.G.

H-271-3

Mr. Shibley

the memorandum was one that originated with you without contribution, so to speak, by anything he ~~had said to you~~
~~reparable to the OISE building. And, I think over the noon~~
~~access perhaps.~~

(Tape H-272 follows)



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11:40-11:45 am

C.B.

(Mr. Shibley)

~~Mr.~~ had said to you referable to the OISE building, and I think over the noon recess perhaps you might check your own memory and any records ^{you} have in that connection.

Mr. Sissons: I'll check it against my ~~orders~~ ^{records}, sir.

Mr. Shibley: Yes, fine. Mr. Sissons, were you in April, 1971, thinking at all in terms of a lease-purchase arrangement?

Mr. Sissons: Sir, I think in my innocence I didn't even know what that meant. You notice that I ~~have it when they~~ ^{occasionally} refer to things as lease-backs, which are quite a different thing. No, I certainly was not.

Mr. Shibley: When did the concept of a lease-purchase first enter your thinking?

Mr. Sissons: I think when we talked ~~about it~~ ^{to Brooks} ~~of~~ OISE.

Mr. Shibley: So he did ~~it~~ initiate this line of thought with you?

Mr. Sissons: Yes, inded.

Mr. Shibley: And, through you, he initiated it with Hydro?

Mr. Sissons: It was a new concept as far as I was concerned.

Mr. Shibley: And ~~is~~ is it fair to say that it was from him and through you that anyone in Hydro started to think along the lines of a lease-purchase arrangement?

Mr. Sissons: I don't know that I can answer

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11:40 - 11:45 am

C.B.

(Mr. Sissons)

that specifically. Certainly as far as I was concerned ^{it} was.

Mr. Shibley: And you have no information to the contrary, as to others?

Mr. Sissons: That anyone else was thinking in this direction?

Mr. Shibley: Yes.

Mr. Sissons: No.

Mr. Shibley: All right. Your earlier thinking has been wholly directed to the construction of a building owned by Hydro. Is that correct?

Mr. Sissons: And in the April 22 memorandum to ~~the~~ renting a large chunk of space if we couldn't do so.

Mr. Shibley: Now in exhibit four, Mr. Sissons, your memo ~~to~~ to the chairman on August 15, 1969, I refer you to the second page of that exhibit, paragraph three, *where* you talk about " if ~~we~~ are not to proceed with this building at this time because of apprehension ~~of~~ about financing and construction costs, it would have to be on the basis that we ~~are~~ ^{were} going to get out of the business of operating our own head office facilities and seek to have these built commercially, with a much higher cost to ^{our} ~~a~~ long term operation, in terms of financing and return on investment."

~~These are of course sacrifices - I'm sorry - "There are of course sacrifices in owner satisfaction ~~and~~ the loss of direct control of the construction and operation of such a facility^y and ~~many~~ ^{MANY} questions would be raised in the minds of both staff and public by a public organization which~~

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C.B.

(Mr. Shibley)

~~max~~ had always owned and operated its own facilities, placing this in the hands of others ~~that~~ at a higher interest cost⁹⁹ I believe. Is that correct?

Mr. Sissons: Those alterations in that letter aren't mine, I don't know whose they are. I think ~~that word is probably~~ I talked about financing costs, and I guess ~~it is these~~ ^{they are} analagous anyway.

Mr. Shibley: But you didn't make those changes.?

Mr. Sissons: No.

Mr. Shibley: In any event, this memorandum reflects your thinking as of August 15, 1969.?

Mr. Sissons: Yes.

Mr. Shibley: Is that correct?

Mr. Sissons: Yes.

Mr. Shibley: And at that time ~~that~~ is it fair to say that you were very much in favour of a building owned and operated by Hydro?

Mr. Sissons: Yes, indeed.

Mr. Shibley: So that whatever happened in 1971, which led to the lease-purchase concept was a change of direction in your thinking.?

Mr. Sissons: Sir, I said earlier in the morning that as of January, 1970, I started to see some handwriting on the wall that looked to me as though we were not going to succeed in ~~building our own~~ finding the ideal time or the basis of financing our own building.

Mr. Shibley: Now, then, you have told us that a task force was not constituted. Is that correct?

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C.B.

Mr. Sissons: That's right.

Mr. Shibley: But people did visit the OISE building following the meeting ~~with you~~ between you and Mr. Brooks. Is that correct?

~~Mr. Sissons: Yes, sir, that's another point that...~~

H 273 to follow

June 6, 1973
10.45-11.50a.m.
W B.A.

~~(Mr. Shibley)~~

~~the meeting with you, between you and Mr. Brooks. Is that correct?~~

Mr. Sissons: Yes, sir, that is another point that needs to be clarified. Mr. Candy and Mr. Witbeck visited Mr. Brooks with ~~me~~ me. . Apparently his recollection was not clear on that point. The three of us visited him together. I believe that is referred to in one of the exhibits.

Mr. Shibley: Yes, that is Exhibit 12.

Mr. Sissons: I don't know which number it is. And subsequent to that, if you would like me to proceed with this, at the conclusion of that meeting, I agreed ~~that~~ that Mr. Candy should pursue the question with the developer, who had built the OISE building and I wrote, as I recall, a note on the top of a memorandum of Mr. Candy's to Mr. Banks, who was then ~~an~~ *out* assistant general manager of finance, asking him to have the financial people assess the whole OISE transaction.

Mr. Shibley: Yes. So that, just to get your evidence *clear* ~~now~~, you did not visit the building independently, you say, of Mr. Witbeck and Mr. Candy, but went with them?

Mr. Sissons: No, sir, we went together.

Mr. Shibley: And was this the only visit you made to that building?

Mr. Sissons: I have been in it on many occasions on other matters but it was the only visit I made for this purpose.

Mr. Shibley: That was on June 8th?

Mr. Sissons: June 8th - well, yes.

Mr. Shibley: Now, then, in connection with your discussion with Mr. Brooks, whenever it was, before you made the visit to the OISE building, was there any mention made in the course of that exchange with Mr. Brooks, of the circumstance of a friendship existing between the principal of Canada Square and Premier Davis?

Mr. Sissons: None whatever, at any time that I talked to Mr. Brooks.

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B.A.

Mr. Shibley: All right. So that blankets every attendance between you and he?

Mr. Sissons: Yes, sir. I only met him twice, as I said.

Mr. Shibley: And was the circumstance of Mr. Moog or his company being a supporter of the Conservative Party ever the subject of comment between you and he?

Mr. Sissons: No, sir, I didn't at that time know who Mr. Moog was or who his company was. I had never heard of either of them.

Mr. Shibley: Now, then, you indicated that you gave instructions to—I shouldn't put it in those terms—that an investigation of the OISE arrangement was undertaken, after your visit to the building?

Mr. Sissons: Yes, as I recall it, I asked Banks to arrange for this and I believe I arranged for a Mr. Jim Smith who was on Banks' staff to have lunch with Brooks and ~~and~~ make more detailed arrangements.

Mr. Shibley: I am producing to you a memorandum which is Exhibit 13, Mr. Candy's memorandum to you of June 14, 1971. You will note he makes reference to a visit between himself and Mr. Moog on June 11.

Mr. Sissons: Yes, sir, that was the visit that I asked him to make.

Mr. Shibley: That was going to be my question. Did you ask him to make that attendance?

Mr. Sissons: That's right. At the conclusion of our meeting on June 8.

Mr. Shibley: I see. So that again, it was at your instance that Mr. Candy went to see Mr. Moog?

Mr. Sissons: & That's right.

Mr. Shibley: And he is now reporting to you on that attendance?

Mr. Sissons: Yes.

Mr. Shibley: I would like to know what interpretation you placed upon certain portions of this report, starting with

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B.A.

(Mr. Shibley)

paragraph two.

Mr. Sissons: What particular aspect of this report?

Mr. Shibley: He says he explained the commission's position. What does that mean?

Mr. Sissons: Well, the fact that we were in dire straits for ^Anew building and that we had shelved our plans in 1970. I am only guessing that Mr. Candy probably mentioned to him that certain things had taken place in the meantime which had rendered these plans

(Tape H-274 follows)

June 6th, 1973

11.50 - 11.55 am

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AA

(Mr. Sissons)

~~and he probably mentioned to him that certain things had taken place~~
~~in the meantime, which had rendered these plans~~ to some degree
obsolete. ^{by they had called into} Certain ~~things~~ ^{that} ~~was~~ ^{is} in question whether
we would be able to use them in their present form. That is
what he is referring to by the status of the drawings, I think.

Mr. Shibley: I note that he goes on in the letter and
makes reference to the fact ^{that} ~~the~~ Mr. Moog, as well as having
various consultants, and the connections for obtaining
finances, also has the necessary construction forces ^{and} ~~is~~
says that he only goes into one large project at a time in
order ^{that he may} ~~to~~ devote his entire efforts in this direction."
Was that the subject of any discussion between yourself
and Mr. Candy?

Mr. Sissons: Yes, repeatedly. This is a very important
consideration, I think, as far as we both were concerned.

Mr. Shibley: Why was it important?

Mr. Sissons: Well, ^{from} ~~the~~ my point of view, I think the
basic thing was that it offered the possibility of what I
call compressing the construction ^{cycle.} ~~the thing~~ ^{The thing} that concerned
me all the way along in this whole situation we ^{were} ~~are~~ in
was that by the time you designed the building, ^{and} ~~you~~ bear in
mind we had taken two years or so doing it before, and you
go out for tenders on it and you evaluate the tenders, and
you let a contract ^{with} ~~and~~ all the legal work that is involved in
that, and you get the negotiations with the city straightened
away, and you get the construction job started, and you have
a couple of construction strikes maybe while it is on, ~~There~~
is a very long construction cycle, potentially a very long
construction cycle here, ~~and~~ I was intrigued to hear about
a developer who maintained what I call loosely this kind of
in-house capability.

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11.50 - 11.55 am

H 274 - 2

AA

(Mr. Shibley)

Mr. Shibley: All right.

Mr. Sissons: I might say, if I could just ~~elaborate~~ elaborate on that without going on too long, this is the kind of thing that we at Hydro specialize on, ^{which} ~~some~~ some of our friends in the construction industry are critical about, but because we ~~Hydro~~ have our own design organization and our own construction organization, we can construct right off the drawing ^{board} /almost, and move ~~the~~ work from the ^{early stages} ~~areas~~ of design right out onto the construction site and I think ~~it~~ saves a great deal of time and money in the process.

Mr. Shibley: I think it is fair to say, is it not, Mr. Sissons, that there was an urgency in terms of your thinking regarding the construction of your new head office building?

Mr. Sissons: Indeed it is.

Mr. Shibley: And that the in-house capabilities of a developer such as Canada Square to design as construction proceeded, was a major factor in your own consideration of how Hydro should proceed?

Mr. Sissons: Yes it is, and the other point to which you have alluded, the fact he only goes into one large project at a time, ~~that~~ also loomed very large too.

Mr. Shibley: There were analyses made of the cost of delay in terms of getting on with the building?

Mr. Sissons: Yes.

Mr. Shibley: And these ran to hundreds of thousands of dollars?

Mr. Sissons: That's right.

Mr. Shibley: So again, the sense of urgency was not only a result of the need for accommodation, but the element

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11.50 - 11.55 am

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AA

(Mr. Shibley)

of cost, is that correct?

Mr. Sissons: Yes, I think ^{it} ~~this~~ was a very distressing thing that we ~~are~~ were spending this kind of money. ~~and~~ Our staff was, ^I may say, ~~was~~ very critical about this and felt that an outfit that can build ~~maybe~~ the best nuclear plant in the world ought to be able to do a little better as regards the housing of staff.

Mr. Shibley: Yes. All right. Then he goes on in the same ~~exhibit~~, in the second ~~the~~ last paragraph on page one; "He says that he is going over to Germany next month as an adviser to the Premier of Ontario to arrange further financing for the province." Could you explain why he would include this comment in a memorandum from himself to you?

H 275 - 1 follows

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11.55-12.00

V.H.

CHAIRMAN: MACBETH

(Mr. Shibley)

~~could you explain why he would include that comment in a memorandum from himself to you?~~

Mr. Sissons: Why Mr. Candy would include that?

Mr. Shibley: Yes.

Mr. Sissons: No, not really. I don't know why he would have excluded it either. It was something that apparently came up in the conversation, I would think, that Mr. Moog was endeavouring to impress him with his financial acumen and solidarity and connections, and that Candy ~~was~~ felt this was a piece of information that he should pass on.

Mr. Shibley: Did it have any effect on yourself as to your ~~further~~ or future attitudes towards Canada Square?

Mr. Sissons: None whatever. It was neither a help nor a hindrance in the overall situation. Perhaps I could say a little gratuitously that in 30 years or so in public administration I ^{have} ~~made~~ it a practice ^c to studiously ignore this kind of namedropping. I worked through the war with a fellow by the name of C.D. Howe, and my experience was that every businessman in the country worth his salt was a great friend of C.D. Howe's, and that one proceeded by ignoring that rather than paying any attention to it.

Mr. Shibley: All right. Aside from this written communication between yourself and Candy respecting Mr. Moog's relationship with the Premier, was there ever any other occasion when this became the subject of oral or written communication between ~~a~~ you?

Mr. Sissons: Between Mr. Candy and me?

Mr. Shibley: Yes.

Mr. Sissons: No, I don't think so. I think Candy was aware of this in the various discussions that he had with Moog, I don't recall that he mentioned to me specifically.

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V.H.

Mr. Shibley: Was it ever the subject of a written or oral communication between yourself and any other person?

Mr. Sissons: Not that I am aware of. That is, this particular question on the friendship between Mr. Moog and the Premier?

Mr. Shibley: Yes.

Mr. Sissons: Well, of course, it was common knowledge in the press ~~and~~ ⁱⁿ later ^{days} ~~in other business and~~ I ~~am~~ am sure ^{confidently}

Mr. Shibley: I am more interested in your knowledge or information as it applies to 1971 and early 1972.

Mr. Sissons: Well I think, as I say, that Mr. Candy was aware of the facts ~~and~~ ^{from} this first reference here that Mr. Moog claimed to be a friend of the Premier, or to be acquainted with the Premier, and that undoubtedly ^{casually} this was mentioned from time to time ~~regularly~~ between us. But as I say ^{it had} nothing what ever to do ~~with~~ ^{the} as far as I ~~am~~ was concerned with ^{that we were} whole process of working out in connection with this lease purchase business.

Mr. Shibley: Mr. Brooks yesterday made reference to a telephone communication from Mr. Candy wherein Mr. Candy made ~~in~~ enquiry about this subject. You heard that evidence?

Mr. Sissons: I didn't hear it but I understood afterwards that was what he had ~~said~~ said.

Mr. Shibley: Did you have anything to do with that communication?

Mr. Sissons: I certainly did not, sir, and I would be very surprised if the call was actually from Mr. Candy. I understood that Mr. Brooks was a little doubtful, was not positive, who the call was from.

Mr. Shibley: Yes. ~~Mr. Chairman~~ ^{inaudible}

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V.H.

Mr. Chairman: Mr. Shibley has suggested that this would be a suitable time to take a break. And ^{if there are no} ~~any~~ questions of the committee members I ^{propose to adjourn now.}

Mr. Renwick: Mr. Chairman, I wonder whether Mr. Sissons would be good enough, if he has time ^{during} ~~over~~ the noon hour ^{break,} to look at yesterday's ^{Hansard,} ~~transcript~~ at Mr. Brooks' evidence, ^{since he wasn't} ~~because he wasn't~~ able to hear it properly yesterday so that we could resolve any conflicts that appear in it.

Mr. Sissons: Yes. I will undertake to look at ^{my} ~~an~~ own records too.

Mr. Chairman: Now I understand that the House is to meet this afternoon - am I correct? I am assuming that the committee will ^{not want to} ~~meet at two~~ ^{would prefer to} ~~meet at two~~ o'clock as originally suggested but ^{would prefer to} ~~will~~ meet at three - is that ^a ~~h~~ correct assumption? All right, we will then ^{stand} ~~go~~ adjourned until three o'clock and presumably ^{on until} ~~go~~ ^{because there are some other meetings this evening.} ~~five~~ five or shortly after. We now stand adjourned until three this afternoon.

It being twelve of the ~~1~~ clock, the committee took recess.

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Page</u>	<u>Description</u>
130.	264-1	Memo - April 22, 1971 - From H.J. Sissons to D.J. Gordon re Space
131.	264-1	Memo - February 19, 1971 - From J.L. Witbeck to H.J. Sissons re Space
132.	266-1	Memo - March 3, 1971 - From H.J. Sissons to D.J. Gordon re Corporate Head Office Plan
133.	267-1	Memo - March 5, 1971 - From J.L. Witbeck to H.J. Sissons re Request for Additional Rented Space

LEGISLATURE OF ONTARIO

SELECT COMMITTEE

HYDRO HEADQUARTERS

Wednesday, June 6, 1973

Afternoon session

APPEARANCES

Committee members:	J.N. Allan
	J.E. Bullbrook
	I. Deans
	M. Gaunt
	L.C. Henderson
	R.G. Hodgson
	W. Hodgson
	J.P. MacBeth (Chairman)
	W. Newman
	J.A. Renwick
Clerk of the committee:	Paul Moore
Committee counsel:	R.E. Shibley, QC
Ontario Hydro counsel:	Pierre Genest
	James McCallum
Canada Square Counsel:	Douglas Laidlaw
Assistant General Manager- Services, Ontario Hydro:	Henry J. Sissons

List of exhibits introduced during this sitting appears on last page

June 6/73
3.10 to 3.15 pm
DT

The committee met in the members' board room at

3.10 p.m.

Mr. Chairman: Ladies and gentlemen, I ~~am~~ call the meeting to order and ask Mr. Shibley to proceed.

Mr. Shibley: Mr. Sissons, before the recess you were asked to make a check as to the chronology of events inter, say, yourself and Mr. Barry Brooks to try and clear up the record as to the sequence. Have you done this?

Mr. Sissons: Yes, I have.

Mr. Shibley: Would you outline ^{to} the committee exactly what the sequence of events were?

Mr. Sissons: Well, what I found was that I had a letter on May 26, 1971, from Mr. Brooks on a certain matter having to do with Victoria College, which was not the matter of the presidency to which reference was made yesterday. That letter referred to a telephone call of his which I had returned a day or so before, and it would either have been during that telephone call or perhaps one within a day or so after that letter of May 26 that this question of whether I would be interested in having a look at the OISE building came up. I think it must have been about a year later, and I can well understand how Mr. Brooks got these dates confused, that he saw me in connection with this other matter, ~~and~~ ^{as} I recall it, at that time, as he indicated, he came to my office and saw me, and unfortunately I can't verify this from my own diary because he just dropped in and I recall that I was in a very great hurry on my way to a meeting or something and he asked me a question or two about the presidency situation ~~which~~.

Mr. Shibley: That would be in 1972?

Mr. Sissons: 1972, yes.

Mr. Shibley: Spring of 1972?

Mr. Sissons: Yes.

Mr. Shibley: He came to see you.

Mr. Sissons: Let me just back that up by saying that up to the moment I haven't been able to ~~very~~ verify this precisely because nobody was available at Victoria College to

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DT

(Mr. Sissons)

confirm it, but the then president, Ted Hodgetts, resigned as of June last year, in 1972, and the new president came in in the fall; so that I am only going on my own presumption and recollection but the question of filling that vacancy as of the end of June would have been active in the preceding six months. I know there was quite a long search, a committee operation; but I haven't been able to talk to anybody who was actually active on that search committee to determine just exactly when that was taking place.

Mr. Shibley: Mr. Sissons, just to clear up one ~~point~~ point at a time, then from what you have said, the visit that Mr. Brooks made upon you with respect to the presidency of Victoria College occurred in the early part of 1972 and had no part of any discussion referable to the OISE building in 1971. Is that correct?

Mr. Sissons: I think that's correct, yes.

Mr. Shibley: Then going back into 1971, you have pinpointed the time of an exchange with Mr. Brooks by reference to correspondence dated May 26, 1971, with Mr. Brooks. Is that correct?

Mr. Sissons:... That's right.

Mr. Shibley:.. That course....

(H-277 to follow)

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3.15 to 3.20 pm
DT

~~(Mr. Shibley)~~

reference to correspondence dated May 26, 1971, with Mr. Brooks.

Is that correct?

Mr. Sissons: That is correct.

Mr. Shibley: That correspondence also relates to other business of Victoria College?

Mr. Sissons: Yes.

Mr. Shibley: I understand ~~and~~ I might tell members of the committee I have got the correspondence in hand. It deals with business, personal, under Victoria College. I don't think it is necessary to table it as an exhibit. In fact, it is a letter from Mr. Brooks to Mr. Sissons dated May 26, 1971, and it starts off by saying:

"Thank you for returning my telephone call on Tuesday," ~~so~~ what Mr. Sissons has just outlined to the commission is corroborated by the document in my possession. With your permission, I will not make it an exhibit.

Now then, are you telling the committee, Mr. Sissons, that, having reference to this correspondence, you relate the time of your discussion with Mr. BROOKS ~~referable~~ referable to the OISE building, to a time approximating May 26, 1971?

Mr. Sissons: Yes, perhaps a few days later because, as I recall it, he indicated that -- he suggested a time and I couldn't come at that time--but I came a day later or something like that ~~and~~ my own recollection is that I did go there within a very few days of the telephone discussion that we had about it.

Mr. Shibley: That would be consistent^e, then, with an attendance by you with Mr. Witbeck and Mr. Candy on June 8?

Mr. Sissons: Y Right.

Mr. Shibley: As ~~recorded~~^{repeated} in Mr. Candy's memorandum?

Mr. Sissons: That's right.

Mr. Shibley: That's exhibit 12, ~~so~~ I think we have the chronology clear, then the April 22, 1971, memorandum predated any communication between yourself and Mr. Brooks

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DT

(Mr. Shibley)

referable to the OISE Building?

Mr. Sissons: Yes, I didn't know Brooks at all until I had met him on that occasion. I hadn't met him face to face until I met him on that occasion.

Mr. Shibley: That occasion being June 8, 1971.
Is that correct?

Mr. Sissons: Yes.

Mr. Shibley: All right. Unless there is still any question in the minds of the members of the committee ~~about~~ as to the ~~the~~ chronology, I would like to return to exhibit 13.

Mr. Sissons: Mr. Shibley, might I, if it is in order, clear up one other misunderstanding in connection with Mr. Brooks' testimony? I was talking to Mr. Candy over the lunch hour and he says there was no such call by him to Mr. Brooks in connection with this question ~~and~~ any friendship between Mr. Moog and the Premier.

Mr. Shibley: You are now referring to the evidence of Mr. Brooks wherein he stated that ~~Mr. Candy~~ someone from Hydro, and he thought it was Mr. Candy, called ~~me~~.

Mr. Sissons: Yes, he wasn't sure as I recall it and you, I think, commented on this ~~xxxx~~ this morning or someone did. So I took occasion to ask Mr. Candy about it and he is very positive that ^{there was} no such call on ~~his~~ his part, and it certainly was not on mine.

Mr. Shibley: Well, Mr. Sissons, in light of that information, through you, I would ask that inquiry be made among the people in Hydro as to whether anyone made such a telephone call to Mr. Brooks.

Mr. Genest: Mr. Shibley, I have made those inquiries and I can find no one at Hydro who recalls making any such telephone call.

Mr. Shibley: Thank you, Mr. Genest. I might mention that it may be required ~~by~~ members of the committee, to recall Mr. Brooks in connection with his testimony ~~have~~ having regard

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for →

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3:20-3:25 pm
PLG

(Mr. Shibley)

the conflict that has now developed. I want to ~~say~~

Mr. Bullbrook: May I just ^{suggest} ~~say~~ that perhaps for the sake of public knowledge and without interfering unduly with your particular plans, we might wish to call him as soon as possible to clarify his evidence.

Mr. Shibley: That makes perfect ^{good} sense to me, Mr. Bullbrook, and unless you think otherwise, my intention would be to go on and complete Mr. Sissons' evidence and then call Mr. Brook before we continue with the next witness, who is to be, incidentally, Mr. Candy.

I want you to return ^{with} ~~to~~ me to an examination of Exhibit 13, Mr. Sissons, and on page 2 of that document...

Mr. Chairman: Just before you go on, Mr. Shibley, Mr. Sissons, the Hansard ~~into~~ people are having some difficulty catching what you are saying, so if you would make your voice reverberate a little louder, I think they will have a better time or an easier time picking it up in the machine and so record for posterity what you have to say.

If you will attempt to speak louder, Sir.

Mr. Sissons: I will endeavour to do so and just poke me on the side if I don't. My counsel is complaining too.

Mr. Chairman: Yes. I would think that ^{being} ~~he~~ behind you would want to hear what you are saying.

Mr. Sissons: And I have difficulty hearing our chairman, but I restrain myself.

Mr. Bullbrook: May I make a suggestion? In referring to the Exhibits could you identify -- I realize you say Exhibit 13, but could you give us the date of it because I am ~~am~~

Mr. Chairman: June 14.

Mr. Bullbrook: June 14. Right.

Mr. Shibley: I understand your problem. You can locate it more readily with a date. I will do that, Thank you, Mr. Bullbrook.

Exhibit 13, June 14, '71 on page 2. You notice in the first paragraph it states:

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PLG

(Mr. Shibley)

"I told him that the purpose of my visit was to determine whether or not he had any interest in our proposition and I found that he definitely had."

I might tell you that yesterday Mr. Brooks indicated that ~~_____~~

Mr. J. Allan: I wonder ~~_____~~

Mr. Chairman: Mr. Allan.

Mr. Bullbrook: We are having a little problem on the dates.

Mr. Allan: What date ~~if~~ is your 13?

Mr. Shibley: June 14, 1971.

Mr. Renwick: A letter from Mr. Candy to Mr. Sissons, or a memorandum.

Mr. Bullbrook: Dated June 14? From Mr. Candy to Mr. Sissons?

Mr. Renwick: Yes.

Mr. Bullbrook: And you read from the second page? Mine says, "He therefore said he would talk to these people in Europe."

Mr. Deans: You see, I can't find it at all.

Mr. Gaunt: I can't find it at all, Mr. Chairman.

Mr. Shibley: I'd like to see that.

Mr. Renwick: I have got it over here.

Mr. Chairman: Exhibit 13.

Mr. Bullbrook: I wish to apologize for my stupidity but there are two ~~XXXXXXXXXX~~ memoranda from Mr. Candy to Mr. Sissons, both dated June 14, 1971.

Mr. Allan: He must have mine.

Mr. Chairman: If you would go by the Exhibit Number, Mr. Bullbrook, you wouldn't run into that ~~is~~ difficulty.

Mr. ~~Renwick~~ Bullbrook: That's why I will never make the bench.

Mr. Shibley: Are we all on side again?

Mr. Renwick: You will make the bench but you won't make clerk.

June 6, 1973
#3.25 to 3.30
M.T.

H-279-1

Mr. Shibley:

I'll just go on and read:

"I told him that our financial people would want to look into the situation and that I would discuss it with you before any further approach is made to him.

" As it is a distinct possibility that we could obtain this new building without putting out any capital of our own, and at a cost that would not exceed current rental rates, I would suggest that we consider this matter seriously before making any further rental agreements".

Now Mr. Sissons, would you agree with me that Mr. Candy, as early as June 11, which was the date of his meeting with Mr. Moog, was already alert to the circumstance that finances were a factor weighing upon the decision to develop your head office building?

Mr. Sissons: Yes, I would say that he had probably been alert to that for a long time, as I had been myself.

Mr. Shibley: Yes. And as at the time ~~Mr.~~ Mr. Candy went to see Mr. Moog, what would be his authority to make disclosure of Hydro's circumstances to Mr. Moog?

Mr. Sissons: Well, I think that would be done on my authority, ^A As I testified earlier, on the day on which we met with Mr. Brooks at OISE we were duly impressed with what we heard and saw of the OISE development and we agreed forthwith that we should explore the situation further, both in terms of the actual financial and contract arrangements and in terms of the capability and philosophy and approach of the developer about whom Mr. Brooks had spoken to us very enthusiastically.

Mr. Shibley: So that can I take it that the disclosures made to Mr. Moog by Mr. Candy would be made on your authority?

Mr. Sissons: I am just a little puzzled as to what you mean by disclosures.

June 6/73
3:20-3:25 pm
PLG

Mr. Allan: What number is that?

Mr. Shibley: Exhibit 13.

Mr. Allan: I ~~think you~~ think ~~we've~~ got them in the wrong order, but we'll get them straightened out.

Mr. Bullbrook: Sorry for the interruption. Go ahead.

June 6, 1973
3.25 to 3.30
M.T.

H-279-2

Mr. Shibley: Well, he said in paragraph two, "I explained the Commission's position in this situation," and so on. Whatever Mr. Candy disclosed to Mr. Moor, and we will hear from Mr. Candy, that would be done on your authority?

Mr. Sissons: Yes, that was the fact that ~~and our plans~~ ~~and~~ our plans had been held up and they were considering trying to find —

Mr. Shibley: Would the same thing hold true respecting the production to Mr. Moor of the plans and drawings referable to the building as originally designed?

Mr. Sissons: At what stage was that, sir?

Mr. Shibley: Somewhat later, I think, Mr. Candy delivered to Mr. Moor, or his company —

Mr. Sissons: Yes, as I recall it, at that time Mr. Candy asked me — that was early in August, I think, was it not?

Mr. Shibley: Yes.

Mr. Sissons: Mr. Candy asked me whether that would be in order. The plans had been in ^{dead} ~~hot~~ storage and the part of the exploration that we were making of this whole question of whether it was practical to proceed by way of lease-purchase, was to get some practical view as to whether these particular plans would lend themselves to that approach.

Mr. Shibley: Mr. Sissons, those plans were provided, then, to Canada Square on your authorization, is that correct?

Mr. Sissons: Yes.

Mr. Shibley: Now then, I take it that a request was made of Mr. Brooks to send along the specifications for the OISE building. Do you know who made that request?

Mr. Sissons: I would assume that we discussed this in our initial meeting with him; I am not certain of that.

Mr. Shibley: Well, I might tell you that exhibit 129, dated June 28, 1971, is directed to you ~~from~~ from Mr. Brooks and encloses the specifications. ~~Now that would be roughly 20 days~~.

Tape H-280 follows

June 5/73

3:30-3:35 pm

C.B.

(Mr. Shibley)

~~Mr. Brooks and encloses the specifications.~~ Now that
would be roughly twenty days after your visit.

Mr. Sissons: Yes.

Mr. Shibley: So are you telling me there was
no communication between the time of your visit on June
8 and the sending of the specifications on the 28th?

Mr. Sissons: I haven't got the exhibit in front
of me. Did it...

Mr. Chairman: Exhibit 129.

~~Mr. Sissons~~ ^{Did} it refer to any requests?

Well, I can't say at the moment whether this was as a
result of some other request or whether it was discussed
at the time. But ~~my~~ my impression would be that I would
have said that ^{"we"} we'd be very interested in having these
specifications from you."

Mr. Shibley: I'm producing to you a letter
dated July 2, 1971, wherein you acknowledged receipt and
expressed thanks for the specifications, which I will
ask to be made exhibit ...

Mr. Chairman: 134.

Mr. Shibley: That is your letter, is it?

Mr. Sissons: Yes, indeed.

Mr. Shibley: Now in these specifications, which
are exhibit 129, ~~it~~ ^{it} lays down directions to the developer,
~~it~~ ^{it} provides general information as to the terms of the lease,
~~it~~ ^{it} provides an outline of specifications and so on, all as
per the document in front of you. Did you yourself examine
these specifications when they were received?

June 5/73

3:30-3:35 pm

C.B.

Mr. Sissons: I don't believe so. I looked at them in a cursory manner and sent them on to Mr. Candy and Mr. Witbeck.

Mr. Shibley: Did anyone on behalf ^{of} ~~the~~ Hydro prepare such specifications for use with lease-purchase type developers at any time during 1971?

Mr. Sissons: I don't really think so, because we hadn't arrived at that stage yet. We were exploring the question of lease-purchase development until quite late in 1971 and we were, as I was indicating this morning, still concerned about the question of salvaging something from our existing plans. ~~We were~~, in August of 1971, asking Canada Square to have a look at our plans and tell us what they thought about their applicability to a lease-purchase arrangement. ~~We~~ I don't think at this stage we were anywhere near the point at which we were thinking in terms of specific specifications for going the lease-purchase route. No such decision had been made.

Mr. Shibley: Mr. Sissons, I'd ask ^{you} to look at exhibit 21, dated October 26, 1971. Do you note that in paragraph two it says: "If we are likely to proceed on this basis we shall have to tie down a very realistic specification with which to approach the development market. In view of this economy and our increasingly urgent need for a long-term plan, high priority must now be attached to bringing our thinking to a conclusion on this approach."

How do you reconcile that statement in this exhibit with your last answer?

June ~~57775x~~ 5/73

3:30-3:35 pm

C.B.

Mr. Sissons: By October, as I recall this particular exhibit, it was in reply to a memorandum that I had received from Mr. Dean reporting very positively on the studies that had been made by the financial people over the course of the summer. So at that stage, I, at any rate, was saying, "I think the evidence is beginning to gather that we should be ~~making~~ thinking seriously about heading in this direction, and we should get down to thinking about what kind of specifications would apply and get this tied down."

~~Mr. Shibley: So that~~

H 281 to follow

June 6/73
3:35 - 3:40 pm.
M.S.

(Mr. Sissons)

~~I think the evidence is beginning to gather that we should be thinking seriously about heading in this direction, and we should get down to thinking about what kind of specifications would apply and get this tied down.~~

Mr. Shibley: So that, you see, Mr. Sissons, I asked you, at any time in 1971 did you prepare specifications? ~~and~~ I thought your answer related to the same period of time, that you hadn't yet reached that stage. You are now saying that in October you had reached the stage where you felt specifications ~~that~~ should be compiled for purposes of negotiating a lease-purchase transaction, is that correct?

Mr. Sissons: Yes.

Mr. Shibley: And in fact, you followed through on that in Exhibit 23 in your memorandum to Mr. Gordon of November 2, 1971. On page 3 of that memorandum ~~the~~ the last page of it, Mr. Sissons, about five lines down ~~you~~ you say: "Based on our examination of that" ~~you're referring to OISE, I suspect.~~ "Based on our examination of that to ~~attempt to~~ ^{spec} write a specification with broad but very clear parameters as to the type of building and the type of contract we are looking for." Do you see that?

Mr. Sissons: Yes.

Mr. Shibley: So that, Mr. Sissons, I gather that by the end of October your thinking had reached the point of requiring specifications for a lease-purchase agreement. Is that not so?

Mr. Sissons: Yes, I think that is certainly so.

I think the term "specifications" is one that hasn't been very carefully defined. I think I used the term "broad specifications" and, of course, there one is talking about everything from the physical dimensions of the building to the type of electrical system and so forth.

~~Mr.~~

June 6/73
3:35 - 3:40 pm.
M.S.

Mr. Shibley: Had you or Mr. Candy provided to Canada Square a copy of the OISE specifications as an example of the type of specification you intended to lay down?

Mr. Sissons: No, ~~the~~¹⁶ weren't working on the basis of the OISE specifications, as far as I know. I certainly wasn't.

Mr. Shibley: Did you provide those specifications to Canada Square?

Mr. Sissons: Not that I am aware of.

Mr. Shibley: And did you provide those specifications to any one of the other developers with whom you were conducting discussions?

Mr. Sissons: Not that I am aware of. I was not conducting discussions with developers. Mr. Candy would have to testify directly as to that.

Mr. Shibley: Now then, Exhibit 14, dated July 16, 1971, is a report of Mr. Cameron to Mr. Smith. ~~And~~ It starts off: "We were asked by John Dean to review the development and financing of this building" ~~and~~ "this building" referring to the OISE building.

Mr. Sissons: Yes.

Mr. Shibley: Did you bring about the compilation of this report?

Mr. Sissons: No, sir. I haven't got this documentation or exhibit in front of me, if there is such an exhibit. It caused some confusion the other day, as I recall it. I ~~was~~ directed, shortly after our initial meeting with OISE, ~~the~~¹⁶ copy, as I recall it, of a memorandum of Mr. Candy's to Mr. Banks, who was then our assistant general manager - finance, and asked him to get the financial people going on looking at the OISE situation.

Mr. Shibley: So, you spoke to Banks ---

Mr. Sissons: I sent him a copy of that memorandum

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3:35 - 3:40 pm.
M.S.

(Mr. Sissons)

with a little note on ~~that~~ the top and he presumably spoke to Dean.

Mr. Shibley: And Dean then instructed Cameron?

Mr. Sissons: Well, this may not be the exact sequence. Jim Smith was heading up that department, as I recall it, ^{and} at the time was just in the process of moving off into Task Force Hydro work. He, I think, had one meeting with Mr. Brooks and arranged for Dean and/or Cameron to follow up on the financial discussions.

Mr. Shibley: Is it fair to say though, Mr. Sissons, that the undertaking of a ~~financial review was initiated by your communication to Mr.~~



Tape H 282 follows

H-282-1

(MR. Shipley)

~~Anything~~ of a financial review was initiated by your communication to Mr. Banks?

Mr. Sissons: Yes.

Mr. Shipley: All right. And this is the net product of your bringing on this financial review of the OISE building; this report of July 16 which is exhibit 14?

Mr. Genest: It was also exhibit 17.

Mr. Shipley: We'll get to that Mr. Genest.
product of it,

Mr. Sissons: It is one ~~paragraph~~, Mr. Shipley.

Mr. Shipley: Yes, it is one product of it. Just looking at that first product with you. Page 4 of the exhibit, MR. Cameron is reporting, in the last line of that first paragraph; "It would appear that OISE probably received a competitive rental rate although it does not appear to be an outstanding bargain."

Then on page 5, particulars are set out. Page 6, the summary and conclusions;

"It does not appear that the financing of the building by Canada Square Corporation provided cost saving."

The last sentence in that first paragraph;

"A similar mortgage could have undoubtedly been obtained directly, saving some legal costs."

Then it goes on to say, "Canada Square's most important contribution appears to be in ^{the} design and construction of the building."

The ^{says} next paragraph ~~the~~ maintenance would be an important benefit.

~~Last~~ ^{on} page 7;

"The claims of Jim ~~Batter~~ ^{Batter} of Canada Square..... should be verified... their expertise would be of more value to ^{ONTARIO} ~~ONTARIO~~ Hydro if the redesigning of the proposed head office became necessary."

Then;

"If you wish us to pursue the review of the OISE arrangement with Canada Square Corporation further we will require information from Mr. Barry Brooks ~~of~~..."

Now just highlighting that memorandum with you, Mr. Sissons, ~~that~~ I put this question to the chairman, Mr. Gathercole,

June 6/73
3:40 - 3:45 pm
CA

H-282-2

(Mr. Shibley)

and I put it to you, that this first report was not enthusiastic about a ~~lease~~ ^{LEASE -} purchase arrangement as demonstrated by the OISE documentation?

Mr. Sissons: Yes, I don't ~~think~~ find that at all surprising. Our financial people are noted for their ^{cautiousness.} ~~cautiousness.~~ This was a first ^{pass} ~~pass~~ at the thing and they were just starting to get the feel of it; ~~and~~ I think this report was a preliminary report, as it says.

Mr. Shibley: Would you agree this report is basically negative to that type of transaction?

Mr. Sissons: I don't know that I would. It says that it doesn't appear that the financing by itself is a cost saving. ^{IT SAYS} ~~IT SAYS~~ that Canada Square's most important contribution appears to be in the design and construction of the building and, then, we didn't read this next sentence which I think is important, it says:

"John Carroll and I received a conducted tour by Jim Patter of Canada Square Corporation and Russel Chaplin of Swiss-Granada Holdings."

Well, John Carroll works for Mr. Witbeck, and he is, I would say, our expert on some of these very specific points of building excellence. He has made studies across the continent in this area, and has been heavily involved in the office landscaping, planning and so forth, so that I think this memorandum did kind of confirm ~~that~~ ^{practical} some of these ~~practical~~ aspects, but cast some doubt on whether the financing by itself would have provided any saving. That certainly didn't surprise me very much because, you know, we had always felt we could raise money ^{at} a little bit less than other people could, admittedly with a government guarantee.

Mr. Shibley: Now, it didn't discourage you. Did you have anything to do with Mr. Cameron undertaking a second review, ~~some~~ so to speak, making a second pass at the problem as evidenced by exhibit 17, dated July 26, 1971?

H-282-3

Mr. Sissons: No, sir. I think I should make it clear at this time, I wasn't aware of these reports. I had set them in motion. They were a matter for our financial people to carry forward; and I don't think that I was aware of either of these reports...

H-283-1 follows

June 6, 1973
2.55- 3.50 p.m.
M.F.

H - 283 - 1

Chairman: Mr. MacBeth

(Mr. Sissons)

for our financial people to carry forward and I don't think that I was aware of either of these reports at the time at which they were put on paper.

Mr. Shibley: You will notice, Mr. Sissons, that at the tail end of exhibit 14 it says, "If you wish us to pursue the review," and so on, and obviously someone instructed a further review to be done by Mr. Cameron. Do you have any knowledge or information as to who gave that instruction?

Mr. Sissons: No, I don't, but that report was to Mr. Jim Smith who, as I recall, ~~had been asked to~~ at my request through Banks, had initiated the whole study with OISE. So that I would expect that Smith was simply acting on his original instructions and carrying the thing forward because the first report had given enough indication that it was worth carrying forward.

Mr. Shibley: Have you read exhibit 17?

Mr. Sissons: Yes.

Mr. Shibley: And without going into detail, would you agree with me that it is much more enthusiastic about the OISE type arrangement than the earlier memorandum of July 16th?

Mr. Sissons: Yes, I would.

Mr. Genest: Mr. Shibley, can I assist with this?

I am told that the instructions came from Mr. Dean ^{you are intending} ~~who was~~
to call as a witness.
that happened at OISE.

Mr. Shibley: Now I would ask you to look at page 5 of that exhibit 17, Mr. Sissons, the very last sentence:

"The additional facts gleaned from my meeting with ^{Barry} Brooks and his complete satisfaction with his ~~business~~ dealings with ~~Canada Square~~ Canada Square Corp. indicate that serious consideration ~~is~~ of Canada Square as the developer ^{Ontario} for Hydro's head office is warranted".

Now, Mr. Sissons, that seems to take your people a

H - 283 - 2

(Mr. Shibley)

long way down the road toward the lease-purchase type of arrangement, does it not?

Mr. Sissons: Yes it does.

Mr. Shibley: And I remind you that this is as early as July 26th, relating that date to your memoranda of November 22nd and November 25th of the same year.

Mr. Sissons: Yes, but this was only one line of exploration, Mr. Shibley. There ^{was the} ~~was~~ other important consideration being given to this by the Treasurer, as I recall, who reported in September about marginal financing. All the way along the line I think there was a strong feeling that we had to pursue every possible avenue of using our own funds or pensions funds, ~~you know~~ that we weren't just diving into this question of financing by lease-purchase. This was one avenue of investigation that was being pursued.

Mr. Shibley: I realize that, Mr. Sissons, and I am suggesting to you that all these avenues of investigation merged on the 22nd of November, 1971, at the general manager's meeting, respecting which I opened your examination today.

Isn't that a fact?

Mr. Genest: Merged? I don't understand that word.

Mr. Sissons: I would have thought that perhaps

they merged the words
~~the words~~ a little sooner than that in my memorandum of November 2nd, I don't know what exhibit that was -----

Mr. Shibley: Yes, ^{I'd be inclined to} ~~I~~ agree with you on that.

So that is why I started you at the end so to speak and took you back. This is a developing process ^{at} ~~in~~ the managerial level of Hydro [?] moving toward the conclusions outlined in your memo of November 2nd, your memo of November 22nd, and your notes of November 25th. Isn't that so?

Mr. Sissons: Yes.

Mr. Shibley: Now then, I ask you to look with me at exhibit 18, dated August 18, 1971. ~~Were you provided with a~~

June 6, 1973
3.50 - 3.55 p.m.
M.R.

(Mr. Shibley)

~~1971~~ Were you provided with a copy of that memorandum before you prepared your logistical notes of November 25th?

Mr. Sissons: I don't know that I was. As I recall it there was a subsequent memorandum ^{from} ~~to~~ Mr. Deans ^{to} and myself ~~and~~ I'm not certain of the date of that but that was the memorandum which I considered to be definitive and sort of ^aculmination ^{cf} ~~of~~ all of these various studies of the financial people.

Mr. Shibley: I will get to these ~~later~~ later Dean memorandum.

Mr. Sissons: So that ~~as~~ as I sit here today, I am not certain whether I ever saw this memorandum at the time or not.

Mr. Shibley: This was Mr. Deans' first pass at the matter of a lease-purchase, was it not?

Mr. Sissons: I don't know, sir. He ~~was~~

Mr. Shibley: And in his first pass at it he starts in paragraph 1 by saying —

Mr. Genest: Mr. Shibley, your question assumes that it is the first pass and the witness hasn't agreed.

Mr. Shibley: I see. Well, it's the first memorandum I have of Mr. Dean referable to a lease-purchase type of transaction, Mr. Genest, have you some earlier documentation?

Mr. Genest: Well, I'm sorry. I was ~~not~~ ^{not}-picking. I thought ~~that~~ ^{made} your question ~~was~~ an assumption that Mr. Sissons hadn't agreed with.

Mr. Chairman: You are right. Mr. Sissons did not admit that it was the first pass.

Mr. Genest: And I am told Mr. Dean had directed Mr. Cameron to make another study of the OISE matter back in July. The memorandum of July 26th.

Mr. Shibley: Am I correct, Mr. Genest, this is Mr. Deans' first memorandum?

Mr. Genest: The first written memorandum.

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3:50 - 3:55 p.m.
M.R.

Mr. Shibley: Thank you. Well then, dealing with Mr. Dean's first written statement of his point of view as to a lease-purchase, you will notice it starts off, the second sentence, the memoranda referring to Bob Cameron's two memoranda that we have just reviewed - "The memoranda do not verify that the type of financing made available to the Institute was primarily responsible for resulting in a low rental rate as claimed by Mr. Barry Brooks.

⁶⁶ Unless there are some tax advantages or other ways in which profits have been achieved for the builder, there does not seem to ~~be~~ be any basic reason why the method of financing used should have any significant advantages over direct financing arranged by ~~Hydro~~ Hydro".

And then the first line in the third paragraph: "I still feel that one of the least costly methods of financing the building without disadvantage to either Hydro or its employees would be to arrange a ~~loan~~ ^{loan} through the pension fund".

Then, I ask you to compare that with Exhibit 20, dated October 21. This is a second memorandum by Mr. Dean to yourself.

You, of course, received and read this memorandum, I'm taking it?

Mr. Sissons: Yes.

Mr. Shibley: Now, again, Mr. Sissons, did you have anything to do with Mr. Dean taking or preparing a second memorandum referable to a lease-purchase type of transaction?

Mr. Sissons: This is the second memorandum?

Mr. Shibley: Yes.

Mr. Sissons: That memorandum starts off, I think, by saying that some while ago Mr. Banks told Mr. Dean that I would be interested in their ~~ideas~~ ^{views} of alternative methods of financing.

Mr. Shibley: Yes.

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3:50 - 3:55 p.m.
M.R.

Mr. Sissons: And indeed I~~u~~ had been pressing for these ~~views~~ ^{views} for some time. Unfortunately, Mr. Banks was ill at that time and only available at certain times ~~and~~ I think perhaps the process was slowed up to some extent but ~~that~~ the matter was initiated through Mr. Banks and carried forward ~~to~~ ^{through} his people. Mr. Dean was

Mr. Shibley: ~~But~~ ^{What} I'm particularly interested in at the moment, Mr. Sissons, is whether Mr. Dean, having done one memorandum of August 18, did you have anything to do with him doing a second memorandum dated October 21?

Mr. Sissons: Well, I couldn't be certain about that. I regard this as a logical follow-through from the action that I had initiated with Mr. Banks. ~~It may well be that in one of my~~



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June 6/73

3:55 - 4 pm

C.B.

(Mr. Sissons)

~~as a logical follow through from the action that I had~~

~~initiated with Mr. Banks~~ It may well be that in one of my ^eintemperate moments I expressed some impatience about when I was going to get some kind of definitive report that would be of some value in trying to bring this thing to a head, and it may be that this brought this report about, I don't know.

Mr. Shibley: If you made noises like that, surely Mr. Banks would have produced to you a copy of exhibit 18, the memorandum of Mr. Dean of August 18. Would he not?

Mr. Sissons: Well, I don't know. Is that a definitive memorandum? I would think this subsequent memorandum is much more definitive and this is one step in the process probably.

Mr. Shibley: Mr. Sissons, if you had received the memorandum of August 18, are you telling us you would have asked for something more definitive, ^{namely} ~~namely~~ something along the lines of exhibit 20?

Mr. Sissons: Yes, I think so. Mr. Dean ~~was~~ was saying again, and I'd heard this story suggested a great many times before, ⁷ I think it had been discussed at the commission meeting, the general manager's committee meeting, ^{he was} he was saying again that he ^{thought} ~~thought~~ one of the best ways of financing would be to arrange a loan through the pension fund. I think somewhere in all of this paper is a note from me saying, "If it can be financed in whole or in part through the pension fund, so much the better. But let's have a definitive answer about it."

June 6/73

3:55 - 4 pm

C.B.

Mr. Shibley: Mr. Sissons, what I'm particularly interested in now is, did you bring about the further review which was the subject matter of Mr. Dean's report of October 21?

Mr. Sissons: I don't know that I did, sir.

Mr. Shibley: ^{You} ~~he~~ might have.

Mr. Sissons: I might have, and I was very glad to have it.

Mr. Shibley: I'd like to review that with you.

On Page two, it sets out the factors favourable to a ~~builder-developer~~ builder-developer inherent in the lease arrangement. I'm sure you are now familiar with those. Then on page three there is a summary at the very end:

"In summary, we feel that an examination of the OISE financing has thrown considerable doubt on the question of whether a building self-financed and self-maintained is the most economical course for Hydro to follow. It has also established how difficult it could be to ensure at a particular point in time that the lowest-cost alternative is obtained. In the end it may be that Treasury will wish to avoid a direct loan and a lease will be the most practical alternative." ~~Memorandum~~

Now then, again, Mr. Sissons, I interpret this memorandum as carry^{ing} forward the thinking of the staff at Hydro well down the road toward a lease-purchase^{of} type_A transaction.

Mr. Sissons: Yes, that is so, I would say.

Mr. Genest: Mr. Shibley, may I go back to the last line of questioning because I am troubled with my

June 6/73

3:55-4 pm

C.B.

(Mr. Genest)

understanding of the ~~ask~~ effect of those questions, ^{as} ~~to~~
to what effect Mr. Sissons had on the production of
this memorandum, because I think your question was
liable to two interpretations. Did I understand you
were asking the witness whether or not Mr. Sissons
issued ^a ~~the~~ specific ^{direction} to Mr. Dean to produce this memorandum
of October 21?

Mr. Shibley: I just.....

Mr. Genest: ^{Your} ~~you~~ question said, "has this produced
as a result of your effort?" or something, you have the
evidence of Mr. Sissons, that back in July Mr. Banks *was authorized*
~~enabled~~ to cause these studies to be made. In that
sense, of course, this is an end product of that. But
I think it should be cleared ^{up} ~~up~~ ^{as to} whether Mr. Sissons
gave specific instruction, relating ^{this} ~~to the~~ October 21
memo to Mr. Dean.

Mr. Shibley: ~~Mr. Sissons, I think~~ Mr. Sissons,
if I wrong in this, please correct the record, and me ~~me~~
I took your answer to mean that you ~~may~~ may have brought
about the second review by Mr. Dean, not by direct instruction
to him but through your communication with Mr. Banks.

Mr. Sissons: I think I would prefer to say on
reflection that perhaps it would be wise to ask another
witness about that. I think the pertinent thing here
is that the memorandum starts off by saying: ~~"some while~~
~~ago Mr. Banks suggested~~

H 286 to follow

June 6/73
4.00 - 4.05 p.m.
R.E.S.

H-286 - 1

(Mr. Sissons)
?

~~... says here that the memorandum starts off by saying,~~

"Some while ago Mr. Banks suggested you would
means
be interested in our views of alternative ~~ways~~ of ~~financing~~
financing," and so on, and so on.

Now, how long ago that -- how far ~~back~~ back that
goes I don't know, but I think Mr. Deane was simply following
through on that request that I had made of Mr. Banks, that
we must get some definitive thinking ~~into~~ into this;
we couldn't keep going around with the various imponderables
very much longer. So...

Mr. Chairman: Perhaps ^{if did} ~~if you~~ indicate, however,
that intermediate impatience may have had a part in bringing
this ~~about~~

Mr. Sissons: ~~Yes~~ It may have, but I don't know
that it did and ~~maybe~~ perhaps ...

Mr. Chairman: I don't think ^{he said} ~~it must~~ "did," ~~he said~~
"might."

Mr. Sissons: .. perhaps Mr. Deane ^{had} ~~was~~ better
answer that question.

Mr. Shibley: Well, Mr. Sissons, I ~~am having~~ produced
21
to you now what is exhibit/~~one~~, dated October 26, 1971.

This is your own memorandum in ~~an~~ reply to Mr.
Dean, and you say;

"Thank you for your preliminary memorandum of
October 21. In light of your generally favourable assessment
of the economics of lease-back, which I assume will not be
altered by new tax laws, it seems to me that the broader
advantages of independent financing, combined with the
opportunity to contract out maintenance on a quality
standard tied to the head lease, point very strongly to this
basis of proceeding."

Now, this is a further move forward in your thinking
toward the lease-purchase type ~~of~~ transaction, is it not?

Mr. Sissons: Yes, and it went on to say, as I

H-286 -2

(Mr. Sissons)

mentioned earlier, that if pension fund ^{FINANCING} ~~finance~~ could play a part in this, so much the better.

Mr. Shibley: Right. And you ~~make~~ ^{assessment} reference here to the generally favourable ~~assessment~~ of the economics of the lease-back; Did you, ~~at~~ at the time of the compilation of this memorandum, have available to you the earlier memorandum of Mr. Dean and the first memorandum of Mr. Cameron, in exhibits 14 and 18?

Mr. Sissons: ~~N~~ I don't think I did; I think I was relying on Mr. Dean's wrap-up of this. He was responsible for the ^{VARIED} ~~various~~ opinions, ~~and~~.

Mr. Shibley: Well, the ~~reference~~ reference in this memorandum to a generally favourable assessment is to Mr. Dean's last memorandum of October 20, ^I is that correct? ~~and~~

Mr. Sissons: That's right.

Mr. Shibley: I am sorry, October 21.

Mr. Sissons: Whatever the date was, I haven't the memorandum.

Mr. Shibley: And I note that the last line of that same exhibit 21 says:

"... high priority must now be attached to bringing our thinking to a conclusion on this approach."

You were driving for a determination of this matter at this point of time, were you not?

Mr. Sissons: Yes, I was.

Mr. Shibley: Now, you mentioned other developers earlier. Was there a communication with you during the latter part of the summer and early fall of 1971, referable to the interests of other developers doing a lease-purchase transaction with Hydro?

Mr. Sissons: I'd have to ~~check~~ check this, but as I recall it, Walter Zwig of Horizon had visited me in September -- I am not certain of that date.

Mr. Shibley: I'd like first to deal with exhibit 47, dated September 9, 1971, having to do with Cadillac, ~~commercial~~

H-287-2

(Mr. Sissons)

projects ~~if~~ if at any time you are interested in that kind of service". Pigott and other people, I think, do the same kind of thing.

Mr. Shibley: Mr. Sissons, I refer you also to exhibit 50, having to do with Horizon. You will note the last sentence in that memorandum of your own to Witbeck and Candy:

"Horizon will obviously be one of the organizations from whom we should solicit a proposal."

That was your then thinking, was it?

Mr. Sissons: Pardon?

Mr. Shibley: That was your thinking ~~at~~^{as} at September 22?

Mr. Sissons: Yes. Would you like me to comment on the circumstances ~~of~~ this memorandum?

Mr. Shibley: Surely.

Mr. Sissons: Zwig had been in touch with us, I think over a period of several years, though Mr. Banks on this whole question of whether, if we were going to continue to find it difficult to finance our own building, ~~whether~~ we might be interested in him financing it, and/or building it for us, ~~and~~^{he} he came to see Banks at that time, who was away ill, ~~and~~ really to discuss the financial angle, as I understood it, and ended up talking about the question of whether we would be interested, in a lease-purchase proposal, ~~and~~ I told him, as I recall it, that we hadn't reached any conclusion as to what we were going to do, but as ~~far~~ as I was concerned, we were going to do something. So that I sent that on to Candy on the basis that if we did end up on the lease-purchase wicket that Horizon would obviously be one of the companies from whom we should solicit a proposal. I was very much impressed with their overall grasp of the thing, ~~and~~^I didn't know too much about the buildings that they had built, but they seemed to have,

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4.10 to 4.15 pm

DT

(Mr. Sissons)

~~didn't know too much about the buildings they built but they~~
~~seemed to have~~ a clear source of money, as I recall it. It was Canadian money at a fairly high interest rate, according to what Zwig told me so that was simply recorded on that basis.

Mr. Shibley: Well, then, Mr. Sissons, if you were so impressed with the Horizon organization, why is there an absence of any reference to that organization in exhibits 25 and 26, being the November 22 and November 25 memoranda prepared by you?

Mr. Sissons: Well, I don't know ~~whether~~ whether this is ^{listed as an} ~~exhibit~~ exhibit or not, ^{but} as I recall it there was a letter from ~~a~~ Zwig immediately following that visit, in which he talked specifically about a new building designed to meet our specific needs, ~~and~~ ^{he} wasn't talking at all about any possibility of ^{having} any interest in salvaging any of our original plans. He was talking about designing a new building for us.

Mr. Shibley: Yes, what I want to know ~~about~~ ^{the} though, is, how you reconciled ~~a~~ ^{the} circumstance of an exchange with Horizon ~~on September~~ in September of 1971, your ~~a~~ favourable impression of that company, ~~with~~ the fact that you memoed Mr. ~~Sam~~ Candy that they should be one of the ~~primary~~ organizations from whom you would solicit a proposal, and then later in November ^{you} recommend to the General Managers' meeting on the 22nd and incorporate it as part of your ~~notes~~ "Notes re Logistics of Head Office" the recommendation that you proceed without the complicating process of soliciting competitive tenders and without any reference to Horizon in that material.

Mr. Sissons: Well, sir, I didn't think that I did recommend that, ~~and~~ that was the very point we were discussing this morning, ~~and~~ ^{both} of these exhibits, 25 and 26, related very specifically in that area to the question of the still-forlorn hope, as it turned out, that we could salvage something from our existing plans.

Mr. Bullbrook: Mr. Shibley.

Mr. Shibley: Yes.

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Mr. Bullbrook: Would you pursue with the witness the question of any discussion he had with Horizon at their meeting as to the utilization of existing plans?

Mr. Shibley: Thank you. Mr. Sissons, following upon your meeting of September with Horizon, did you take up with that firm, or Mr. Zwig in particular, the possibility of Horizon adopting ^{as} much of the original planning as possible?

Mr. Sissons: Well, I can't be certain about that. I haven't got Mr. Zwig's letter before me and I don't know whether it was filed or not, was it?

Mr. Shibley: Yes, it was filed...

Mr. Sissons: But my....

Mr. Shibley: I will have it produced. I think it is exhibit 49, dated September 16, 1971.

Mr. Sissons: I think this letter tends to verify my own recollections that Mr. Zwig ^{interest} ~~was~~ and his ^{approach} ~~approach~~ was ^{toward} ~~the~~ the financing and erection of a new building, a new design, with a commercial component in it, with wider column space and so on and so forth.

Mr. Shibley: Mr. Sissons, you have repeatedly stressed the fact of being interested in a developer that would adopt as much of the original design as possible, ^{when} ~~then~~ you created the memoranda of November 22 and November 25, I ~~-----~~

(H-289 to follow)

June 6, 1973
4.15 to 4.20
M.T.

H-289-1

(Mr. Shibley)

~~sign is possible when you created the memoranda of November 22~~
~~and November 25.~~ I ask you now to look at exhibit 23, which is
your memorandum of November 2, 1971, to Mr. Gordon. And on page two,
the last paragraph, you yourself state:

your own design, carried out by Adamson and Shore and Moffat,
it on the shelf in 1970, must now apparently be considered obsolete
and will probably have to be written off."

Do you see that? So as of November 2 your thinking was
that you were going to write off those plans.

Mr. Sissons: Well, perhaps I didn't make clear this
morning, and I intended to, that one of the things that happened,
I think, at the general managers' meeting of November 22 was
that the general manager, and perhaps others, said, "I simply don't
think this is acceptable. We will have to find some way ~~in~~ of
salvaging some major component of these plans if we can". ~~Now~~,
how realistic this was I don't know, but it was another ~~path~~ pass
in this very awkward situation which has since, as you know,
caused a great deal of trouble ^{and} concern, and that was the question
whether we, in fact, were going to find it necessary to write
off the entire investment in these plans. On November 2, I thought
that was the position we were in. Subsequent to that, there was
concern about it and we were taking another look at whether there
was some way out of it.

Mr. Shibley: I might tell you, Mr. Sissons, I had the
great benefit of reading the Hansard report of your answers ~~the~~
this morning, and the repetition with which you indicated that
~~that~~ ^{press} should be placed upon the use of the earlier plans, in
interpreting your memoranda of November 22 and November 25, ~~is~~
quite remarkable. And yet I find here in exhibit 23 your own
statement that it was your view, and this is some three weeks
earlier than the November 22 memorandum, that those plans would
have to be written off.

June 6, 1973
4.15 to 4.20
M.T.

H-289-1

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4.15 to 4.20
M.T.

H-289-1

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earlier than the November 22 memorandum, that those plans would
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M.T.

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Mr. Sissons: Yes, that is correct, sir, on November -

Mr. Shibley: Well, are you saying something happened in that three-week period to change the direction of your thinking?

Mr. Sissons: Well, I find that, without being facetious, ~~that~~ the general manager is a very forthright fellow and he sometimes does change the direction of my thinking, ~~and~~ I think that, as I recall it, ~~I guess~~ ^{perhaps} that's the only reason I still hold my job; I don't know, but as I recall it, on November 22 he did raise very strongly this question, "Can we not have another look at this situation?" So that in my November 25 memorandum, as you say, I have repeated so frequently, I did, in fact, say that because of this concern about item 6, salvaging these plans, I didn't see how we could do this by soliciting proposals. If we were going to do it, we would have to look for ~~was~~ some way of commissioning somebody to do it, so to speak. Now I don't think that was felt to be a realistic point of view and, as I say, this was a thinking-out-loud type of memorandum that was written in order to get that issue and the Y and R issue out on the table, ~~and~~ none of those ideas took root.

Mr. Shibley: I would like to go over exhibit 23.

Mr. Bullbrook: I am hesitant, again, to interrupt, but I want to voice to you my concern as I understand the evidence of the witness. He had come to a confirmed position as of November 2 that the previous plans had to be written off. But his indisposition towards the Horizon proposal was the fact that it didn't utilize the existing plans. ~~And~~ I would like the counsel to pursue that matter please.

Tape H-290 follows



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4:20 - 4:25 pm.
M.S.

(Mr. Bullbrook)

~~it didn't utilize the existing plans. And I'd like the counsel
to pursue that matter please.~~

Mr. Shibley: Thank you, Mr. Bullbrook. Mr. Sissons, you had an exchange with Horizon on or about September 16, 1971?

Mr. Sissons: Yes.

Mr. Shibley: You were favourably impressed with their organization, as such. Is that correct?

Mr. Sissons: Yes

Mr. Shibley: And you consider them a developer to be included when the time came to consider a lease-purchase transaction. Is that correct?

Mr. Sissons: That's right.

Mr. Shibley: But you appear to have explained your exclusion of Horizon as a developer, to be referenced in your memorandum of November 22 and your memorandum of November 25, on the basis that they were not prepared to deal with the building on the basis of the original plans, or utilize those plans. Is that correct?

Mr. Sissons: With respect, sir, I don't think it is. I said in that second paragraph on page 2 of that November 25th memorandum: "As we have had a number of prominent developers asking to be allowed to participate I think we should talk to them in general terms about financing, probable rental and other pertinent factors." And had it been decided that we should go ahead with some attempt to salvage these plans, undoubtedly Horizon would have been one of the companies to whom we would have talked. But as of September, whatever it was, whenever I saw Walter Zwig, I didn't have salvaging of our plans very actively in mind. I was coming to the conclusion, which was reflected in my November 2 memorandum, that we were probably going to have to start off with something brand new.

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M.S.

Mr. Shibley: You weren't²² alone in that thinking either, Mr. Sissons. I show you Exhibit ~~22~~, dated November 1, and this references a meeting ^{of} Mr. Sissons, Mr. Banks, Mr. Candy, Mr. Witbeck, Mr. Dean.

Mr. Sissons: Yes, that was the meeting.

Mr. Shibley: And the second paragraph: "It was suggested that the plans for a new building drawn up a few years ago were not entirely suitable and certainly the two phases originally suggested ~~wi~~ would now be compressed into a single phase. A further modification would be rental of ground floor and first basement space to third parties." and so on. So, there was a consensus developing as of early November, that the plans were inappropriate.

Mr. Sissons: That was the genesis of my memorandum ~~to~~ of November 2, sir, the fact that we had this meeting and the memorandum refers to the fact that we had had that meeting and reached this consensus.

Mr. Shibley: I'd like to go over Exhibit 23 with you in some detail. That's the November 2 memorandum which you yourself ^{say} is really the culmination of your thinking at that time. You start off by indicating a meeting took place with Messrs. Banks, Witbeck, Candy and Dean. So that this memorandum, I take it, is representative of the then thinking of not only yourself, but these four gentlemen with whom you had met. Is that correct?

Mr. Sissons: That's right.


Mr. Shibley: And you, in the second paragraph, restate your earlier thoughts that: "It appears to be a matter now of some urgency, both because of concern about the economy and ~~because of~~ ^{because of} our own need for a long term plan" and so on, to make decisions. Okay? And you go on and you talk about four considerations which seemed basis: finance, best public position, how can you get the best building, custom tailored, and how can you

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M.S.

(Mr. Shibley)

devise a way to help pay the way with commercial tenancy. And then you carry on on the bottom of that page: " ... our best interests would be served if we could find the right type of lease-back entrepreneur." And you reference John Dean's preliminary study, pointing out the five areas of profit of the developer and mention at ~~the top of page 2~~



Tape H 291 follows

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4.25 - 4.30 p.m.
M.R.

(Mr. Shibley)

~~...the area of profit of a developer and mention at~~
the top of page 2 under aggressive negotiation and competition, "we should be able to derive benefit from this." Then you say, "Developers are, of course, adroit in protecting themselves. We must be sure we have an agreement ^{which} ~~is~~ both in spirit and in law constituted the right kind of partnership. If we cannot find a developer and devise an agreement which gives us assurance that we will not have to wrestle continuously ^{plus} to achieve the standard we want, we should do the whole job ourselves".

Next paragraph: "We have over a period of years been approached by a number of developers. We are initially impressed with the developer of the OISE building and the apparently very favourable leasing rate and both our financial people and Candy have, as you know, been exploring this in some detail. Our own design must now apparently be considered obsolete, have to be written off", and then you give the reasons for that.

It covered only the first stage, did not make provision for a commercial input, organizational needs have changed radically, and other things dictate the redesign of a number of features for improvement of efficiency.

And then on the last page you talk about "a negotiated partnership in which the benefits of a ~~very~~ favourable location and very large scale development are shared", and then you say, "our plan of attack is to endeavour within the next month to bring to a conclusion our assessment of the type of arrangement achieved by OISE, and based on our examination, ^{write a} ~~the right~~ specification with broad but clear parameters as to the type of building and the type of contract we are looking for.

"With this we would then approach the market on a highly selective basis, ^{i.e.} inviting only those relatively few and strong and competent developers who could demonstrate to us

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M.R.

(Mr. Shibley)

that they could provide and, in fact, had some record of providing successfully, all elements of such a contract. It might not be easy to exclude others and we would have to take a strong line on this especially with anyone with whom we have already had unsatisfactory dealings as tenants on the commercial leasing market.

I take it, Mr. Sissons, that this is an accurate reflection of your then mental posture referable to a lease — purchase transaction?

Mr. Sissons: Yes, it is, sir.

Mr. Shibley: And when you ~~xxxxxx~~ talked of a few strong and competent developers, whom did you have in mind?

Mr. Sissons: Well, I had in mind, certainly Twig or Horizon rather, Canada Square, Cadillac, Y and R had not yet approached us, as I recall it, at that stage on the Eaton's project but they certainly would have been one that would have been included.

Mr. Shibley: In fact, Mr. Sissons, none of these developers were approached to submit a proposal but rather those who did submit a proposal approached Hydro?

Mr. Sissons: That's correct

Mr. Shibley: Can you explain that circumstance in light of your thinking as reflected by your memorandum of November 2nd?

Mr. Sissons: Well, in what sense, sir? The point is, they had all shown an interest. It was, I think, generally known on the street that we were sort of taking a look at the situation again, and these people had come in to see us.

Mr. Shibley: So you were relying on the word on the street to bring in the few strong and competent developers to make submissions?

Mr. Sissons: Well, ~~in my~~ my own understanding of the situation, on which I stand to be corrected, is that there probably aren't over half a dozen ~~eight~~ eight at the most, developers

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(Mr. Sissons)

who one could consider to be ^{really} ~~really~~ experienced in this field and quite frankly, we weren't very interested in getting ^{it} ~~it~~ tied up with any one who wasn't really experienced in this field.

Mr. Bullbrook: That doesn't respond to your question, Mr. Shibley.

Mr. Shibley: No I ~~am~~

Mr. Bullbrook: And I think in fairness that we have to have a direct answer to this. The memorandum of November 2nd talks about inviting participation by competent developers. Counsel's question to the witness was, why didn't you seek out that? Why did you rely on the initiative of the developers? And that question hasn't been answered.

^{Chairman}
~~Mr. Sissons~~: Why don't you put one or two questions?

Mr. Bullbrook: No. I'm not going to at this stage.

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4.30-4.35 p.m.
M.F.

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~~Chairman: Mr. MacBeth~~

~~Mr. Chairman: Why don't you put one or two questions~~

~~Mr. Bullbrook: No, I am not going to at this stage.~~

Mr. Chairman: Do you have ~~anything to ask?~~ ^{anything to ask?}

Mr. Bullbrook: No, I am just saying that I don't regard ~~Mr.~~ Mr. Sissons' response as a reply to the question. Maybe counsel does, I don't know.

Mr. Chairman: I was coming back to you to make sure that you felt that you had got the answers to your questions. You are quite content to have Mr. Shibley carry on for a few minutes along that line?

Mr. Bullbrook: No, I am not content that I am finished with the Horizon matter but I am sure that Mr. Shibley is pursuing that. If he isn't I will, but I don't feel ~~and~~ I mean no disrespect, of course, to Mr. Sissons in this; I ~~don't~~ don't really feel he is attempting to evade a response, but I don't think he did respond.

Mr. Shibley: Mr. Sissons, I will put it to you again. Why was no indication extended to those few strong and competent developers that you yourself have listed here today, to make a submission to Hydro for a lease-purchase arrangement?

Mr. Sissons: Subsequently it was extended.

Mr. Shibley: I had understood that uniformly the evidence had been that these people approached Hydro.

Mr. Sissons: But we subsequently went back to them and asked them to put in a proposal. I am afraid I don't understand the question.

Mr. Shibley: When did you do that?

Mr. Sissons: During December and January.

Mr. Shibley: And what form did that invitation ~~to~~ tender take?

Mr. Sissons: Well, this was really a direct approach ~~by Candy to the various people.~~ ^{For instance,} to revert to Horizon, I had told Zwig that when we were in a

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M.F.

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(Mr. Sissons)

position to know what we wanted to do and how we were going to approach this thing, Mr. Candy would be in touch with him; and I think that is noted on the top of the memorandum. In fact, Mr. Candy and Mr. Dean together, I believe, went to see Zwig during ^{December} ~~the month of~~.

Mr. Shibley: What I would like to know from you is whether that was done on the initiative of Mr. Zwig or on the initiative of Hydro?

Mr. Sissons: Mr. Zwig's original visit to see Mr. Banks in September was done on his initiative, but at that time I advised him that when we were ready to make an approach to the market, assuming we arrived at that point, we would be in touch with him, ~~and~~ we were subsequently in touch with him, ~~and~~ and Mr. Candy outlined to him the specifications that we had in mind and ~~we~~ asked him to put in a proposal.

Mr. Shibley: Mr. Sissons, I am still having difficulty reconciling what you had to say in your memorandum of November 2nd and what is reported upon ⁱⁿ the minute of the general managers' meeting of November 22nd, which you told me earlier was authored more or less by yourself in terms of the propositions that are outlined in that memorandum. In the first memorandum of November 2nd you talk about writing specifications. I gather that was never done until—I believe I am right—February of 1972?

Mr. Sissons: It was not done in a specific written sense, that is correct.

Mr. Shibley: Until February of 1972. Is that correct?

Mr. Sissons: That is right. But the specifications were discussed in great detail, I think, between Candy and the various developers and then they were confirmed with ^{them} ~~in~~ writing.

Mr. Shibley: And also in your first memorandum of that month you talked about seeking out those few strong ~~and~~

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M.F.

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(Mr. Shibley)

competent developers, and in the meeting of November 22nd it appears that what was being decided upon was to proceed with one developer without the complicating process of soliciting competitive tenders.

Mr. Sissons: Well, sir, as I have said, nothing ~~was~~^W really being decided on in that meeting of November 22nd, or in my so-called logistics memorandum of November 25th. These were discussions which did ^{result} not ~~lead to~~ in a decision.

~~Mr. Shibley: I realize that, Mr. Sissons. I am now trying to establish~~

Tape H - 293 follows



H-293-1

~~(Mr. Sissons)~~

~~which did not result in a decision~~

Mr. Shibley: I realize that Mr Sissons. I am now trying to establish the decision of the general managers. I gather from what Mr. Gathercole said that at his level he didn't go along with the suggestion which was implicit in your Notes re Logistics, and that it was at that level that a decision was taken to seek out other developers?

Mr. Sissons: That is correct, sir. My memorandum, as you observed this morning, was sent to Mr. Gathercole, suggesting that we should meet on this and decide what we were going to do. And, as Mr. Gathercole indicated, when we did meet the decision was taken that we should seek proposals from developers whom we considered to be contenders.

Mr. Shibley: That's the whole point, isn't it, Mr. Sissons? That all of ^{these} ~~the~~ memoranda, including your memorandum of November 22 and the memorandum of November 25, ~~was~~ as I suggested to you this morning, ^{were} ~~was~~ designed to be the basis of discussion with the chairman?

Mr. Sissons: Well, I think that is so. They were designed to try and get some thoughts down on paper which we could discuss. That's correct.

Mr. Shibley: That's right.

Mr. Sissons: And one of those thoughts, sir, as I mentioned this morning, was that we needed to give some consideration, I thought, to this Eaton's College Street proposal of Y and R.

Mr. Shibley: Now what I want to know is what, if anything, took place between November 2 and November 22 which affected your thinking as to proceeding on one basis or the other, namely ~~we~~ with a selected developer, or asking for a number of strong developers to tender? When I say "your thinking" I am talking about the thinking of yourself personally and that of the general managers.

Mr. Sissons: That of the general managers? I think it was again this concern that was expressed about the need for finding some way of ^{salvaging} ~~amalgamating~~ some of these plans. As I have said, this did not turn out to be ^(or was not felt to be) ~~practical~~. In fact, when we discussed this with the chairman it was felt that we should go ahead and get

H-293-2

(Mr. Sissons)

lease-purchase proposals in. This has been recommended, I think, in ~~Dean's~~ these memorandum somewhere along the line, ~~that~~ the next step in this thing had to be to see what we could get in the way of definitive proposals.

Mr. Shibley: But that was not your thinking in your memorandum of November 22, was it? Nor was it your thinking in your memorandum of November 25?

Mr. Sissons: I didn't have a memorandum of November 22.

Mr. Shibley: I'm sorry, at the meeting of November 22. That was not your thinking at the time of that meeting?

Mr. Sissons: As I have indicated, it wasn't the meeting's thinking in any event. Someone expressed the strong view, and I think it was the general manager, that we should have another real good look at this question of whether

Mr. Shibley: I'm talking about your thinking, Mr. Sissons.

Mr. Sissons: I'm not sure that I ever felt it was really practical to salvage anything very much from ~~the~~ ^{these} existing plans at this stage. This is a very difficult question because of the public issue involved. As I have said this memorandum of the 25th was an attempt to sort of look at the PR implications of this thing as well. I think it is perfectly clear from what has gone before, and the kinds of things that I've said in these various memoranda, that we were forming the opinion that Canada Square was certainly a leading contender to carry out this project for us, whether or not it was on the basis of salvaging plans.

Mr. Shibley: Mr. Sissons, would Fairview Corporation be one of the strong, competent developers who could undertake this project?

MR. Sissons: Well, Mr Shibley, I'm glad you asked that question because certainly they are one of the strong and competent developers, and we had major tenancy in one of their buildings, and as you know, they had quite early on expressed an interest. And I think when we leased that building, as I recall, they had said that should they be privileged with building a new building for us at

(294-11)

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4.40 to 4.45 pm
DT

(Mr. Sissons)

~~said they would be privileged of building a new building for us and~~
at some time in the future, they would absorb the tail-end of that lease if there was one. Fairview Corporation, however, were embroiled, and I think that's a fair term, in a very big project downtown which was being ~~up~~ debated up hill and down dale — I don't know where it stands today. I think the feeling we had about Fairview was that they would not be people who could give us ~~a~~ by any means undivided attention and, just to use the vernacular, we would be low man on the totem pole if this other big project downtown got under way. I think that was a very distinct concern.

Mr. Shibley: So that the reason you were concerned about them was because they had other projects on their hands, another project?

Mr. Sissons: Well, yes, they had a very very big project which seemed to be absorbing all their attention.

Mr. Shibley: Was that the only circumstance...

Mr. Sissons: Yes, I think so. There was one other thing which I don't think weighed very heavily, but we have had some initial difficulties with them in our ~~tenancy~~ arrangements at 77 Bloor Street. I would prefer not to go into that unless you would like me to.

Mr. Shibley: I am producing a memorandum dated June 14, 1972, to yourself for filing. I would ask that it be made the next exhibit.

Mr. Chairman: 135.

Mr. Shibley: You will notice in this document you refer to the fact that you did tell him that "we were looking for a rather unusual kind of development, including full financial, ~~and~~ commercial exploitation of lower levels, a high standard of maintenance, and a custom construction job," etc." And then you go on, "incidentally on the same date I have before me a letter from Witbeck to Fairview's AGM expressing continuing and very pronounced dissatisfaction with the standard of cleaning service in the building, which matter has now been under

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DT

(Mr. Shibley

discussion without remedy almost since the opening stages of our tenancy." Is that the sort of thing you were worrying about in terms of Fairview?

Mr. Sissons: Yes, and I am rather sorry that that has to come out in print before this hearing because by and large Fairview have been excellent landlords. These matters were subsequently corrected and I am told that this is not a problem now. It was at that stage.

Mr. Shibley: Well, I think it is an important matter, Mr. Sissons, because returning ^{to} your memorandum of November 2, the very last sentence in that memorandum has this phrase: "might not be easy to exclude others, but I think in fairness to all concerned in terms of investment of time and money in such proposals, we should take a strong line on this especially with anyone with whom we have already had unsatisfactory dealings as tenants on the commercial leasing market." Now I ask you, did you, when you wrote the memorandum of June 14, have your thoughts as expressed in your memorandum of November 2, 1971, in mind?

Mr. Sissons: Well, yes, clearly I did.

Mr. Shibley: This was a basis upon which Fairview would be sort of cancelled out in your thinking as one of the developers to be considered?

Mr. Sissons: I would not care to say exactly that. I mentioned first our concern that they had an extremely large project on their hands downtown which looked as though it was going to get into motion about the same time this one was going to start; and I think, as earlier indicated, ~~we~~ we were attaching some importance to being able to have fairly undivided attention on this project and ~~we~~ we were concerned about this factor. ^{So} I would say these two things taken together ^{had} ~~have~~ really persuaded us that provided we could get good ~~proposals~~ proposals from a representative group of developers, ~~we~~ we would not invite Fairview.

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M.F.

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Chairman: ~~Mr. MacBeth~~

(~~Mr. Sissons~~)

~~from a representative group of developers that we would not
invite Fairview.~~

Mr. Sibley: And I put it to you that you took the
same posture with respect to Olympia and York?

Mr. Sissons: Yes, sir.

Mr. Shibley: Again you based your rejection of that
firm as a potential developer of your head office on the basis
of less than satisfactory experience with them as a tenant?

Mr. Sissons: Yes, I think that hasn't been entered
as an exhibit, has it?

Mr. Shibley: No, it has not.

Mr. Sissons: But that is a fact. I wouldn't want
this again to be regarded as any overall criticism of the
corporate policy of this company; they obviously have done
excellent work on a very large scale for a wide variety of
clients, but we had one exceedingly unfortunate experience with them
in a neighbouring building ~~because~~

Mr. Shibley: You needn't go on with it, Mr. Sissons.
The only thing I am interested in is what was in your mind when
you wrote the memorandum of November 2nd, 1971. Did you have
in your mind then that Olympia and York and Fairview would not
be considered for the development of your head office based upon
unsatisfactory dealings with them as a tenant?

Mr. Sissons: Yes, I think that is so.

Mr. Shibley: Now, Mr. Sissons, following upon your
memorandum of November 2nd, did you send a copy of that memorandum
to Mr. Gordon?

Mr. Chairman: The exhibit number on that is?

Mr. Shibley: 23.

Mr. Chairman: 23. I was just trying to help Mr.
Sissons find it, as well as myself.

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Mr. Sissons: Well, that was addressed to Mr. Gordon.

Mr. Shibley: I am sorry. Did he respond?

Mr. Sissons: I believe he did. I haven't a copy of
the ~~memorandum~~

Mr. Shibley: I am producing to you a memorandum dated
November 8th, 1971, which I ask be made the next exhibit.

Mr. Chairman: Number 136.

Mr. Shibley: Now you have read the memorandum?

Mr. Sissons: Yes.

Mr. Shibley: I would like to go through it with you,
It is a short memo. It says he agrees that you should proceed
as ~~outlined~~ is outlined on page 3 of your memorandum of November 2nd.

I take it, Mr. Sissons, he is referencing your
suggestion that you select a developer from a few strong,
competent^e developers, is that correct?

Mr. Sissons: It might be that he was including both
paragraphs on page 3.

Mr. Shibley: All right. How did you read it when
you received it?

Mr. Sissons: I read it as including the whole of page 3.

Mr. Shibley: You will notice it goes on: "Also as
indicated in your memo we should inform the commission of our
intention to complete the studies necessary to bring this matter
to a final decision and to obtain its concurrence to do so at
this time. For this purpose I suggest a copy of your memo of
November 2nd and possibly a copy of John Dean's memo of October
21, be included in the commission book as background for
discussion at the commission meeting."

Now, first of all, what is this commission book?

Mr. Sissons: The commission book is a thing about
like this with wide variety of formal memoranda which is
submitted to the commission for discussion and approval.

Mr. Renwick: Is this a book that is prepared for each
commissioner when they come to a meeting?

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M.R.

~~(Mr. Shibley)~~

~~book that is prepared for each commissioner whether~~
~~they have one or not.~~

Mr. Sissons: For each commissioner for each
commission meeting, yes.

Mr. Shibley: Would the same memoranda be
included in Mr. Sissons' "memos to file" book?

Mr. Sissons: Well in this kind of a situation
where it wasn't being really submitted as a formal memorandum,
it would have been as Mr. Gordon suggested, just simply
submitting these two memoranda, Mr. Deans' and my own, for
the information and discussion of the commission.

Mr. Shibley: Yes. Now, Mr. Sissons, I put it
to you that as at November 8th the general manager was issuing
instructions to you to formulate the material to be tabled
for consideration by the commission itself. Is that right?

Mr. Sissons: That's right.

Mr. Shibley: And I put it to you that your
general managers' meeting of November 22nd, was designed to
bring together, so to speak, the thoughts of all of the
general managers for that very purpose. Is that not so?

Mr. Sissons: I don't know that it is. As I
mentioned ~~earlier today~~, one of the issues here, and my recollection
is that this is what really precipitated this ~~disc~~ discussion on
November 22nd, was this question of whether we were going to
use up part of our site with this transformer station, and
~~the~~ the discussion drifted from there and into this other
general question of how we were going to proceed with the
head office building.

You'll notice the memorandum started
out with Mr. Witbeck commenting on the rate of growth and
the fact that even with a new building we should be looking
further ahead than that and ---

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Mr. Shibley: Mr. Sissons, may I just ^{stop} you for a moment? You are not suggesting that it's sheer coincidence that you had a meeting of the general managers on November 22nd and compiled your logistical notes on November 25th without it being related to the instruction of the general manager of November 8th. Are you?

Mr. Sissons: Well I don't know whether I can answer that question.

Mr. Shibley: Well if you can't answer, just say so, but I'd like to know whether they are related.

Mr. Sissons: & Mr. Shibley, the only instruction of the general manager on ~~the~~ November 8th was that a copy of my memorandum of November 2nd and Deane's memorandum of October 21st be placed before the commission. That was the way I read the instructions.

Mr. Shibley: This is a large step forward—I beg your pardon?

Mr. ~~Ranwick~~ Genest: I think Mr. Sissons misunderstood the date of the memorandum. November 22nd is the one that you are referring to. November 22nd minutes — isn't that what you were referring to, Mr. Shibley?

Mr. Shibley: Yes.

Mr. Sissons: Oh, I'm sorry

Mr. Shibley: Yes, ^{what} ~~that~~ I'm saying to ^{you} Mr. Sissons is that having received this directive from the general manager on November 8th, I put it to you that what next took place as a direct consequence of this directive from the general manager was that you or someone convened the general managers' meeting of November 22nd and you compiled your logistical notes of November 25th?

Mr. Sissons: Well I don't know that that was so. I'll have to try to check that, but as I say it did start off on an entirely different basis with Mr. Witbeck talking about this other question.

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(Mr. Sissons)

I do know that one basic question that we had to decide there and then was what we could do about this transformer station building, because this was becoming a pressing issue.

Mr. Shibley: Mr. Sissons, it's a matter of importance when the general manager says to you, "Prepare the material for the commission to consider." Is it not?

Mr. Sissons: Yes, of course, it is.

Mr. Shibley: ~~And you were urging expedition in respect of getting on with this project.~~

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PLG

~~Mr. Sissons: Yes of course that there is.~~

Mr. Shibley: And you ~~xx~~ were urging expedition in respect of getting on with this project, were you not?

Mr. Sissons: Right.

Mr. Shibley: ~~And~~ What did you do as a result of Mr. Gordon's memorandum of November 8?

Mr. Sissons: Well, one thing happened. I am not quite sure why this was not submitted in this particular form; but one thing that happened was at almost that precise time, and I think it was on November 11, -- I will have to check that date-- Mr. Rotenberg of Yand R came to see me with this Eaton Centre proposal, ~~and~~ of course, this was an entirely new question and one which I felt needed to be given ~~some~~ consideration and that we'd better stand back and take a look at that.

Mr. Shibley: Mr. Sissons, that answer is not responsive to the question I put to you. I asked you what you did in response to the directive of the ~~the~~ General Manager of November 8?

Mr. Sissons: Well, I think I did not place that information before the Commission. As far as I know, it was not placed ~~in~~ before the Commission at that time.

Mr. Shibley: I realize that. What did you do?

Mr. Sissons: Well, one thing I did was talk to Mr. Rotenberg ~~xxx~~ about this Eaton Centre proposal, and agree that that matter should be discussed with the Chairman or with the Commission.

Mr. Shibley: Is that all you did?

Mr. Sissons: Well, it seems to be at that point in time, yes.

Mr. Shibley: And are you telling this committee that the meeting of November ~~x~~ 22 and your notes re logistics had nothing to do with this directive?

Mr. Sissons: I don't know directly whether they had to do with the directive. The fact is that these notes were put down. They subsequently were a matter of discussion with the Chairman and the General Manager, ~~and~~ arising from that, a decision was taken to go ahead and get lease-purchase proposals, ~~so~~ that I am, as you can see, somewhat puzzled, too, as to exactly what happened

in there; why I didn't not follow out exactly the instructions ~~from~~ of the General Manager, the ~~is~~ only thing I can think of is that this new question of the Eaton Centre had come into the arena.

Mr. Sissons: Yes, it was quite explicit ~~as~~ to that effect.

Mr. Sissons: I don't really think it was because I think that ~~my~~ ^{from} what I read ~~to~~ ^{of} Mr. Gordon's memorandum was that my memorandum of November 2, ~~read~~ ^{read} together with Deane's memorandum on the financial side of it, really told the story pretty much, and that those items should be tabled with the Commission.

Mr. Sissons: Sir, I didn't regard that minute as being decisive at all.

Mr. Sissons: Whether the disparity had to do with whether we were going to deal with a number of developers or single out a ~~single~~ specific one?

Mr. Sissons: Well, ~~to~~ this was certainly being discussed. That is indicated clearly in the minute; but no conclusion was reached on that matter ~~and~~ when I wrote my memorandum of November 25, ~~enclosed~~ ^{enclosing}

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5 - 5:05 pm
C.B.

(Mr. Sissons)

set down this whole package of problems and, ~~then~~ ^{As} subsequently discussed, these ideas were thrown out. So I'm afraid I don't really get the significance of the ~~idea~~

Mr. Shibley: What I would like to know, and I think the committee would be interested in knowing, is why didn't you comply with Mr. Gordon's directive and simply incorporate in the commission book your memo of November 2, and Mr. Dean's memo of October 20 21, and get it upstairs for some consideration?

Mr. Sissons: As I say, ~~the committee~~ I'm puzzled by that too, because normally I do comply with that kind of instruction. The only thing I can think of is that I was thrown off this course by the advent of this Eaton Centre proposal, ^{which} ~~it~~ I felt deserved serious consideration too.

Mr. Shibley: If that were the case, why isn't that part of the minute of what was discussed at the general managers' meeting of November 22? Why isn't it part of your logistical notes of November 25?

Mr. Bullbrook: It is.

Mr. Sissons: ~~It is in the~~ ^{It is in the} ~~notes~~ ^{notes}. ~~This~~ ^{This} was an important feature of *them*.

Mr. Shibley: I'm sorry, you're right. Let's deal with minutes first.

Mr. Sissons: I guess we'd have to try to check this back in some other way. My recollection ^{was} ~~that~~ that this question of the Eaton's Centre was discussed at some stage with the general managers' committee and, as I mentioned, nobody was very enthusiastic about it.

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5 - 5:05 pm
C.B.

Mr. Shibley: I see.

Mr. Sissons: Whether it was discussed at this meeting or not, I don't know.

Mr. Shibley: Well, I see it is five o'clock.

~~Maybe~~ Maybe you will consider that overnight.

Mr. Bullbrook: Well, are we going to quit at five o'clock?

Mr. Chairman: I mentioned that this afternoon thinking ~~that~~ that the dinner started at ⁵ o'clock this evening or shortly after, but I understand it is—

Mr. Bullbrook: Six thirty.

Mr. Chairman: ~~—~~not until somewhat later. But we've had Mr. Sissons on the stand—I think the committee would like to proceed to six o'clock, but I think in fairness to Mr. Sisson, he should have a break. So if we can get back here by ~~10~~ 10 after five or five minutes after five.

Mr. Sissons: Five minutes will do, sir, as far as I'm concerned.

H299 to follow

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5:15-5:20 pm
PLG

(Mr. Chairman):

and I call the meeting back to order. Mr. Shibley.

Mr. Shibley: Mr. Sissons, we have had a recess, ^{so} have you had an opportunity to consider Mr. Gordon's memorandum of November 8 as it related to what ~~transpired~~ transpired on the 22nd and 25th of that month?

Mr. Sissons: Yes. My colleagues tell me, as I am sure you agree, that I ~~do~~ haven't been making myself too clear ~~me~~ in this area. There really wasn't any change in my thinking from November 2 till the November 22 meeting. At that meeting, as I was trying to indicate, there was a strong position taken that we should concern ourselves further about this question of salvaging the plans, ~~and~~ ^{Again,} Y and R had come in to see me and I am trying to check that exact date as to when ^{they} first came in.

Mr. Genest: November 8.

Mr. Sissons: Pardon?

Mr. Genest: November 8.

Mr. Sissons: November 8, Y and R had come in to see me.

These two things together, as long as they were sort of unresolved alternatives, really meant that I felt I couldn't put anything before the Commission ~~in~~ in definitive terms. I probably discussed both of these considerations with the General Mangger, although I have no clear recollection of that.

Mr. Shibley: Well now Mr. Sissons, you prepared the Notes re Logistics, which is November 25, what was the purpose of that document?

Mr. Sissons: I think the purpose of that document was to get some of this thinking down in a form in which we could discuss it with the Chairman, as indicated in the note at the top of that memorandum, and that is what transpired.

Mr. Shibley: Was discussion with the Chairman a first step to compiling a submission to the Commission as a whole?

Mr. Sissons: No, I think it wasn't at that time. As far as I know, it was discussed with the Chairman, as he indicated yesterday, just about that time, I would say ~~the~~ within the matter of a day or two.

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PLG

(Mr. Sissons)

and a decision was taken that we should get proposals in from those developers ^{who} ~~who~~ had shown an interest.

Mr. Shibley: On November 22, ~~which~~ which is the date of the General Manager's meeting, Mr. Moog met Mr. Gathercole. You heard that testimony?

Mr. Sissons: Yes.

Mr. Shibley: ~~Mr.~~ I'd like to know whether any of the General Managers had discussion with Mr. Moog on that day.

Mr. Sissons: No. As far as I know, none of us had met him. I certainly hadn't.

Mr. Shibley: Was this in your building that he met with the Chairman? I have forgotten.

Mr. Sissons: I ~~have forgotten~~ understand so.

Mr. Shibley: Yes. Notwithstanding he was in the building, none of you met with him?

Mr. Sissons: That is correct, Sir, as far as I know.

Mr. Shibley: Now then, following upon your ~~the~~ memorandum of November 25, what happened to bring about the meetings with other developers?

Mr. Sissons: Well, as I say, this whole question was discussed with the Chairman at that time and ~~we reached agreement that we should go out and receive proposals and as I recall it~~

Tape H 2 300 follows

June 6, 1973
5.20 to 5.25
M.T.

H-300-1

(Mr. Sissons)

we reached agreement that they should go out and receive proposals.

~~As~~ I recall, I authorized Mr. Candy to proceed with this.

A few days later, as I recall it, the chairman and Mr. Candy and Mr. Gordon met Mr. Diamond of Cadillac and discussed their interest in submitting a proposal. And they agreed that they would follow through with Mr. Candy if they were interested in doing so.

Mr. Genest: I can't hear you, Mr. Sissons

Mr. Sissons: I am sorry. A few days later, as I recall it, the chairman and Mr. Gordon and Mr. Candy met with Mr. Diamond of Cadillac and discussed the question of their putting in a proposal. I think that was dealt with before.

Mr. Shibley: Yes. Well what I really wanted to know is in the decision-making process of Hydro did anything take place to direct your efforts towards negotiations with other developers?

Mr. Sissons: Did I understand that question?

Mr. Shibley: Did anything occur, was any instruction issued following November 25 that brought about the meetings with the developers, other than Canada Square?

Mr. Sissons: Well, as I indicated, I think this was agreed to orally between the general manager and myself and the chairman, and that I instructed Mr. Candy to proceed and get proposals from developers.

Mr. Shibley: Was there a meeting with the chairman?
Was there a meeting with the chairman?

Mr. Sissons: Yes there was.

Mr. Shibley: When was that?

Mr. Sissons: I don't know exactly. He indicated yesterday he thought it was at that time. I would have said within the next day or so. I think that memorandum of mine, really was in response to, or related to, a telephone conversation I had with him; and it may be the meeting was the same day, I don't know.

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5.20 to 5.25
M.T.

H-300-2

(Mr. Sissons)

I said I was sending him down some notes and I thought we should review the whole situation.

Mr. Shibley: Was it as a result of the position taken by the chairman at that meeting that you did not adopt the single-developer route?

Mr. Sissons: Yes sir.

Mr. Shibley: Now then, we have already had the evidence of the exchanges with some of these developers and I would like to produce to you exhibit 59, which is the letter of Mr. Smith of Ellis-Don dated February 17, 1972, and on which is inscribed a hand-written note. Would you please, Mr. Sissons, confirm that that is your handwriting?

Mr. Sissons: It certainly looks like it. I see it's not initialled but *it appears to be my handwriting.*

Mr. Shibley: Would you read it to the committee and explain it please?

Mr. Sissons: This was a note, by the way, I think, really, to myself, because Mr. Gordon was away and I replied to this letter subsequently. "Nothing to be gained by a meeting at present. Matter is in chairman's hands. Company well and favourably known to us but this is not exactly their dish of tea" with apologies to Mr. Deans "if done on lease-purchase financing".

Mr. Deans: I have learned to use that phrase, by the way.

Mr. Sissons: Pardon?

Mr. Deans: I have since learned to use that phrase.

Mr. Shibley: Now what did you mean by that notation?

Mr. Sissons: Well I had discussed with Mr. Candy on a number of occasions my concern that Ellis-Don as a company were very experienced general contractors, ^{they had} done a lot of work for Hydro from time to time, ~~but~~ they really were not what you would call experienced developers in the total sense of financing, designing, constructing, operating a building. They did not really fit into

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H.T.

H-300-3

(Mr. Sissons)

the definition that I attempted to put on paper on my November 2 memorandum.

Mr. Shibley: Is it fair to say, Mr. Sissons, that as of this date, February 21, which is your receipt stamp date,

~~you had received the material.~~

Tape H-301 follows

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M.S.

(Mr. Shibley)

You had formulated a decision in your mind that Ellis-Don was not one of the contractors to be seriously considered for this development?

Mr. Sissons: No, sir, I don't think it's fair to say that. I was not making that kind of judgment at that time.

Mr. Shibley: How do you reconcile that answer with the answer you've just given us?

Mr. Sissons: Well, I just felt that I couldn't make any material contribution to the analysis of these proposals by discussion with any of the persons who had submitted proposals. This was not an area in which I was especially experienced or knowledgeable. It was in the hands of Mr. Candy for analysis, Mr. Candy and our financial people, and I just felt, quite frankly, that it would be a waste of my time and of Ellis-Don's for me to receive a sales pitch from them, which is really the way I interpreted the letter.

Mr. Shibley: Mr. Sissons, what I am thinking of in particular is the phrase "this is not exactly their dish of tea if done on a lease-purchase financing" and so on. Doesn't that indicate to us that your then thinking was that Ellis-Don were not really suited for this type of development?

Mr. Sissons: Yes, it does, sir. But what I was endeavouring to say was that I hadn't ruled them that they had not been ruled out by me or anyone else. And ~~while I am at~~ I might, ~~while I am at~~ it, answer the very good question that Mr. Deans raised the other day, I think, as to why, if we had this concern about Ellis-Don, we had allowed them or encouraged them to bid or to put in a proposal. The fact is they were extremely -- well, they had not been in this field and they were extremely anxious to get into the field. And had the market been a poor ^{one} and had we not received attractive proposals from anybody

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M.S.

(Mr. Sissons)

else, certainly we would have considered them. ~~but~~ ^{well} we didn't really [^] that we could simply rule them out on this kind of a basis. But they ~~^~~ certainly were starting from back behind the others in terms of the experience factors, to which we attach considerable importance.

Mr. Chairman: Mr. Sissons, you say you hadn't ruled them out or anybody else. ~~As far as~~ ^{As far as} anybody else, they may not have ruled them out, but I don't really see how you say you had not ruled them out; ~~there~~ ^{was} nothing to be gained by a meeting? And then you go on "not their cup of tea" ^{of "dish of tea"}. Now it seems to me that you have certainly ruled them out. Maybe the Commission or others haven't, but how do you say, having put that memorandum on there, that you have not ruled them out?

Mr. Sissons: Well, as I ^{Saying} ~~tell you~~ I didn't regard that as a final decision by any ^{moment} ~~means~~ of means. The analysis of the proposals was taking place and Ellis-Don were asking for a meeting with the general manager, at a time when this analysis had not been completed. ~~but~~ I just felt that there was no purpose, as I indicated in that note, to be served by a meeting at that time.

Mr. Chairman: It would appear to me though, ^{to} that they would have a pretty uphill battle ~~try to~~ and convince you that they were proper people for the job.

Mr. Sissons: Well, it would really depend on the competition, I guess, ~~wouldn't~~ wouldn't it?

Mr. Renwick: Wouldn't it depend on how hungry they were? And they were very hungry; and that's the reason they managed to get their foot back in the door.

Mr. Sissons: I'm not sure I understand that.

Mr. Renwick: Well, I take your letter and those comments -- your memorandum with those notes, handwritten notes, to

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M.S.

(Mr. Renwick)

be a cutoff of Ellis-Don; but they were hungry, they wanted to get into the field, so finally they were let back in, to make their proposal.

Mr. Sissons: Well, I ^{have} ~~was~~ stated ~~to~~ very emphatically, and I want to repeat this, that I was not ruling them out. That was not my intention when I wrote that note. I didn't have the authority to rule them out, in the first place. And I had no intention of ruling them out. I've said that they were, in my opinion and I think in Mr. Candy's —

Mr. Genest: I can't hear, Mr. Sissons.

Mr. Sissons: I'm sorry.

~~Mr. Sissons: I'm sorry.~~

~~Mr. Sissons:~~ I've said, in my ~~own~~ opinion and I think that of Mr. Candy's, they were lacking in the experience in this field that the other ~~proposals~~.

Tape H 302 follows

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M.R.

(Mr. Sissons)

~~...were looking in this field that the other proposers had.~~

Mr. Bullbrook: If I might interject for a moment. Perhaps I'm presuming what you will do in the ~~future~~ but Mr. Renwick brings up the phrase "the field". When was the field defined and who was in the field? You intend to get to that, I suppose.

Mr. Shibley: Well, why don't we get at it right now? I'm hoping to complete this witness today if you are going to sit a little longer. Mr. Sissons, when did you make a determination ^{as to} who were the developers with whom you would have in-depth negotiations for this development?

Mr. Sissons: I think this was decided really shortly after November 25th ~~and~~ ^{and} this discussion that I referred to a few minutes ago, in which ~~it~~ it was decided that we would go to those who had shown an interest, a current interest in the project.

Mr. Shibley: And in—I'm sorry

Mr. Sissons: And that we would go to those developers and obtain proposals from them.

Mr. Shibley: In that respect, therefore, you were relying upon dealing with Horizon, ~~and~~ ^{and} Rotenberg, Ellis-Don and Canada Square being the four developers who had, so to speak, followed through with you. Is that correct?

Mr. Sissons: And Cadillac, sir

Mr. Shibley: And Cadillac?

Mr. Sissons: Right.

Mr. Shibley: They withdrew though early in the game, did they not?

Mr. Sissons: Well—

Mr. Shibley: They didn't submit a formal proposal?

Mr. Sissons: They didn't follow through, that's quite right; but we offered them the opportunity to.

Mr. Shibley: Yes. So that the selection or the

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M.R.

(Mr. Shibley)

determination of the field really resulted from a selection of those who had presented themselves to Hydro?

Mr. Sissons: Well, I said earlier I think that my understanding of the situation, and I stand to be corrected, was that there were not over six or at the most eight, and I don't know who those last two would be, developers who had really demonstrated large-scale experience in this field.

We talked about two who we left by the wayside for other reasons, so that we had in fact four out of the six or the eight ~~as~~ ^{also} as I say I'm not sure ~~who~~ ^{who} might be included in the list; but we had four very strong developers, excluding any concern we had about Ellis-Don, who were a very strong construction contractor.

Mr. Chairman: How can you say that when you hadn't advertised? I gather you made no public advertisement at all?

Mr. Sissons: Well, that ~~is~~ ^{raises} of course, ~~another~~ another question. If you have a public advertisement on a thing of this sort you might get ^a very large number of people submitting ~~a~~ bids who had really very little experience; and you would have to perhaps rule a lot of them out ^{on} qualitative judgements, you know. It certainly isn't an area where you could simply take the lowest bid.

Mr. Chairman: But you are assuming, without advertising, that you knew everybody in the field. ~~Yes~~ ^{Yes} Yet I think from your own evidence that you had not known Canada Square for very long.

So Canada Square was a Johnny-come-lately, as far as you were concerned.

Mr. Sissons: Well I —

Mr. Chairman: You are assuming that you knew everybody ^{who} ~~was~~ was capable of handling the job.

Mr. Sissons: Well, I am not relying exclusively on my own knowledge of this. I suppose other people knew Canada Square although I did not

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Mr. Bullbrook: ~~_____~~ If I might,

~~_____~~ I'd like to direct a couple of questions, if you will permit me. Since your evidence is, Mr. Sissons, that you had come to a conclusion as to the field, will there be supporting documentation whereby you conveyed to Mr. Candy who the field was?

Mr. Sissons: I doubt ~~if~~ there is, because these people had all expressed an interest during the preceding months and that was the way the deal was determined. ~~Those~~ Those who had expressed a current interest in the project.

Mr. Bullbrook: So it wouldn't be unfair to say that their involvement in this project resulted from their own initiative, not from Hydro's?

Mr. Sissons: I think that's right, yes.

Mr. Bullbrook: With the exception of Canada Square?

Mr. Sissons: I think that's right, but we didn't know of any one else whom we considered to be well qualified to handle this deal other than two to whom we have already referred to.

Mr. Bullbrook: Yes. In your discussions with the chairman or at the meeting

H0303-1

(Mr. Sissons)

~~enter this field, other than the two to whom we already referred.~~

Mr. Bullbrook: In your discussions with the chairman, or at the meeting minuted on November 22, I think it is, did you discuss the field with the general managers or with the chairman?

Mr. Sissons: Well, it would have been assessed. It was discussed with the chairman certainly. I don't remember whether we discussed it with the general managers' committee or not.

Mr. Bullbrook: I take it then that in your discussion with the chairman you gave him your opinion, not necessarily your personal opinion, ~~but~~ the judgement that you had made, supported by your staff, that there were five or six ~~companies~~ companies, that could handle this type of operation?

Mr. Sissons: The question was certainly discussed as to whether there were others who might be considered, ~~had~~ ^{well} had experience, and ~~well~~ ^{well} qualified, and we concluded that they ~~were~~ ^{we} were not.

Mr. Bullbrook: And so the chairman was aware ^{of} your intentions in connection with the persons or corporations with whom you would deal?

Mr. Sissons: Oh yes he ~~did~~.

Mr. Bullbrook: ~~As~~ ^{As} far as addition proposals were concerned? I want to say to you then, in view of the volume of memoranda that was prepared in connection with the ongoing aspects of the new head office building, I find it strange that there ~~were~~ ^{were} no memoranda afterwards in connection with ~~the~~ your instructions as to who the people were with whom Mr. Candy should deal. Do I take it that you spoke to Mr. Candy and said, "I think we should deal with these people with whom we have dealt in the past"?

Mr. Sissons: Yes, we had already been having discussion over some period of time with these people, excluding Y and R who had just come in comparatively recently, and that specifically was what we agreed to, that all of these people seemed to be good, strong contenders. We ~~had~~ had our concern, as I have said, about Ellis-Don. They seemed to be good, strong contenders. We didn't know of any others, and we felt that we should go ahead and receive proposals from these people. I think this is a practice

H-303-2

(Mr. Sissons)

that would be very common in private business, and we were endeavouring to do this in a reasonably businesslike way.

Mr. Bullbrook: I'll try to shorten this by asking you; In connection with the utilization, or the partial utilization of the former plans, was it part of your discussion with Mr. Candy that he was to afford to the proposers those plans?

Mr. Sissons: That was thrown out at that point in time as being completely unrealistic. The reference that I made in my November 22 memorandum ^{and} that appeared in the general managers' committee meeting of November 22 was ~~as being~~ ^{thrown out} as being unrealistic. ^{We} decided at that time that there was no way that these plans could be salvaged.

Mr. Bullbrook: That they could be salvaged?

Mr. Sissons: Yes.

Mr. Bullbrook: But your ~~notes~~ ^{notes} re Logistics of November 25, Item 6, which you appeared to regard as of paramount importance, as I read it, sir, if I might, didn't you feel it essential that you attempt to salvage part of ^{those plans} ~~them~~, some use ^{brought from them?} or ~~any~~ ^{of} ~~them~~?

Mr. Sissons: This has been raised as a matter of great concern. ^{and} what I guess I haven't made too clear is that within a matter of a day or so of those notes we met with the chairman, and it was agreed that this was not realistic and we should go ahead and receive proposals for a new building.

Mr. Bullbrook: Without utilizing the plan?

Mr. Sissons: That's right.

Mr. Shibley: Mr. Sissons,

Mr. Chairman: Mr. Renwick, Let's proceed with Mr. Renwick.

Mr. Renwick: ~~Mr. Sissons~~ Mr. Shibley, please interrupt me if this isn't the appropriate time or ^{if} I am off on another tack. Mr. Sissons, we started this morning with exhibit numbers 25 and 26 and we are still at exhibits 25 and 26 because we have come sort of the full circle, ~~and~~ I really need your help on this from my own point of view, and I believe from comments of other members of the committee that we have ~~somehow~~ ^{25 to} somehow or other ~~not~~ ^{yet} this clarified.

H-303-3

(Mr. Renwick)

On November 2 we have the very clear formal memorandum of yours which is exhibit number 23, from yourself to the general manager, setting out

H-304-1 follows



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5:40-5:45 pm
PLG

(Mr. Fenwick)

23, from yourself to the General Manager, ~~satisfying~~ that ^{6p} based on our examination of OISE's development, ~~was~~ to attempt to write a specification with a broad but very clear ~~parameters~~ ^{parameters} as to the type of building and the type of contract ~~we~~ ^{we} are looking for; with this we would then approach the market on a highly-selective basis; that is, inviting only those ~~few~~ relatively ~~few~~ strong and competent developers who could demonstrate to us that they could ~~we~~ provide and, in fact, have some record of providing successfully, all of the elements of such a contract."

I take that to be, for formal purposes, an almost ~~a~~ impeccable memorandum of the problem and the ~~the~~.

Mr. ~~Sissons~~ ^{Thank you, Sir} ~~I~~ I don't know whether it was or not...

Mr. Fenwick: ~~the~~ way in which one would assume one would proceed. You then come to this ~~response~~ response by the General Manager, Mr. Gordon, to your memorandum, saying, 'fine; go ahead; get the basic two documents before the Commission members; get their concurrence; go ahead with it.' That is perfectly clear.

I forget the number of that exhibit, but it is one that was tabled ~~today~~ today. It is a very short ^{memorandum} ~~letter~~ from the General Manager ^{to you}.

Mr. Sissons: 136.

Mr. Fenwick: 136. We come to the minutes of the meeting on November 22 and again, right at the very bottom, apparently after having gone through the discussions about the Commission's ^{Caul} ~~street~~ street property, and then having come back to the question of the Head Office, we have the General Manager stating that he requested ^{that} a clear statement of the alternatives open to the Commission be prepared and that a recommended course of action be presented for review and decision by the Commission. Now, I take that to be, up to that point, clear and understandable, but I find in the notes re logistics, which you indicate, reflected your thinking about the problem with some emphasis, and I think at one point you said, perhaps the major emphasis, on the P R aspect, on page 2 of that

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PLG

(Mr. Renwick)

memorandum, as Mr. Shibley has pointed out, we have, and this is a document which goes, as I take it, directly from you to the Chairman of the Commission.

There appears to be no reference that a copy of it went to the General Manager, and it is marked 'Confidential' which I assume is a proper marking on it. But the whole substance of that document, particularly the paragraph on page 2, indicates quite clearly to me, that your own private thinking, which you were sharing with the Chairman, was that it seems virtually impossible to solicit proposals from developers at large, or even from a selected group of three or four in whom ~~developmentary~~ we would have reasonable confidence. The reason is the reference to paragraph 6, which is the pre-existing plans ^{that} ~~which~~ have been shelved and then we come to the statement that, having said that we can't even deal with a selected few, the suggestion is then that we should talk in general terms to a number of prominent developers. Now, my problem today, right from the very beginning until now, is the inherent contradiction between the preceding course of ^{the} formal delineation of the problem, the way it should be dealt with, and your apparent private thinking that, for whatever the reasons, we should go to Canada Square; that, in fact, everything else is simply to try and resolve the two things which can't be resolved; namely, the formal step at one level and the actual real thinking which was going on, ~~at~~ that the commitment had been made to go to Canada Square. Now that

Tape H 305 follows



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5.45 to 5.50 pm
DT

(Mr. Renwick)

Now that contradiction is unresolved in my mind, and being a politician and having ~~won~~ in the election and Mr. Davis's government having had a sweeping victory, if I can recall the date, I try not to

Mr. Bullbrook: October 26.

Mr. Renwick: October 26, 1971, somehow or other.

it just seems to me that the formal procedures which the commission should have been following got completely sidetracked. I have got to allay in my own mind the suspicion that it had something to do with an overwhelming victory of the Conservative Party under the leadership of Premier Davis, and I have got to, somehow or other, resolve the two levels of thinking within the commission during the month of November; the formal one, which appears to be the way in which one assesses that kind of a problem and the steps which one takes to do it, and the secondary level, the private level, which appears to have foreclosed the question, and that's my problem and I certainly would like your assistance either tonight or tomorrow, if it need go over until tomorrow, to get an answer to that contradiction because it bothers me very seriously.

Mr. Sissons: Well, I can only say that obviously this November 22 memorandum certainly seems to have some contradictions in it. I think, with due respect, everyone is reading much too much in it. As Mr. Gathercole said at the outset, and I strongly repeat, it was a ~~piece~~ ^{thing} and that's all it was. It did not basically change my own approach to this, as set out in the April 2 memorandum. It did point out that if we are to continue to have an over-riding concern about salvaging these plans, then I think we may have to consider some other course. It says: "Because of item 6, it seems virtually impossible to ~~ask~~ solicit proposals from a variety of people." It says that very specifically. ~~and~~ ^T That was the question which had been raised very specifically in the general managers' committee meeting, so that I don't think that my own basic thinking had changed in this respect. I think that our concern about salvaging

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DT

(Mr. Sissons)

had attempt to try to set
these plans led me to ~~try~~ down this line of thought. And might I just say in passing that the reason the memorandum was marked "confidential" ^{just} so that doesn't raise any suspicion in anybody's mind along the lines that you were ^{alluding} to ^{was} because of the Y and R position. They had approached us in confidence to tell us that they were involved in this Eaton's College Street proposal and would we kindly treat it as confidential, but in the meantime they would like us to give it our careful consideration.

~~All~~ I really think that's all that can be said about the memorandum. It was attempting to set down a number of dimensions of the problem. It certainly did say that if we were to be concerned about salvaging plans, we could not solicit a variety of proposals on salvaging plans, in my opinion; and it was only my opinion. It turned out that everybody else felt it was unrealistic really to think about salvaging the plans anyway. This was decided within a matter of a day or so thereafter and we did in fact go out for proposals.

Mr. Renwick: Did you, Mr. Sissons, ~~know~~ know that Mr. Gathercole had met with Mr. Moog on November 22?

Mr. Sissons: I did subsequently. I didn't at that time.

Mr. Renwick: Did ~~know~~ you know between then and November 25?

Mr. Sissons: I don't think so. I would have no reason to know it.

Mr. Renwick: And I take it that you made the comment ~~and~~ and ~~I am not suggesting you were making it as~~ I am not suggesting you were making it as a statement of fact ~~about~~

(H-306 to follow)

June 6/73
5.50 - 5.55 p.m.
R.E.S.

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(Mr. Renwick)

~~about every now and then you get a rocket from the general manager and that straightens you around in any deviationist thinking that might occur.~~

Mr. Sissons: Not all deviationist.

Mr. Renwick: And you indicated ~~that~~ perhaps the reason why, in your ~~Notes~~ ^{re} ~~Logistics~~ of the Head Office Project, that the reason this question of the previous plans, which had been shelved, came back was because ~~the~~ the general manager ~~has~~ had raised it.

Mr. Sissons: Yes.

Mr. Renwick: And the minutes of the meeting on November 22 reflect that, because it refers to one competent developer as indicating a willingness to work within the ~~framework~~ framework of ~~those~~ those existing ~~plans~~ plans. And if this reflects your thinking that that should be the justification for going directly to him without going through any solicitation of competitive bids, ~~despite~~ despite that, the general manager still appears to have emphasized that he ^{still} wants a clear statement of the alternatives ~~open~~ open to the commission to be prepared. And our problem, I guess, ^{that} ~~confusingly~~ is that ^{that} never appears to have been done.

Mr. Sissons: That's right. And there were two unresolved questions which made it difficult, if not impossible, to do that, and ~~one~~ one was the question of ~~the~~ Y and R, the Eaton Centre thing, which was discussed on December 14, as I recall it, and this question of the fact that I had not been able to comply in any way with discussing the feasibility of salvaging these plans. ^(that took place) In the meeting ~~immediately~~ following this memorandum, it was decided that that wasn't ~~the~~ a worthwhile pursuit, ~~and~~ and we should abandon it and get ^{proposals} ~~proposals~~.

~~this~~ this memorandum was an unrealistic memorandum, I think I'd have to say that.

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5.50 - 5.55 p.m.
R.E.S.

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Mr. Renwick: Mr. Chairman, I believe it was ~~this~~ memorandum that Mr. Gathercole indicated that one was driven to the conclusion that the reference was, in these ~~Notes~~ "Notes re. Logistics of Head Office Project", that one was driven to the conclusion by the wording of it that it was Canada Square that was referred to in it. And I noticed this morning that we were involved in the ~~the~~ question of whether the ~~word~~ "the" should have been "a" in the sixth line of the second paragraph of page 2, that is, "having to select the developer in whom we have complete confidence".

Mr. Sissons: Yes.

Mr. Renwick: I'd like ~~you~~ you to tell me, as clearly as you can, does paragraph two refer to Canada Square?

Mr. Sissons: No, I think it indicates that we were very favourably impressed with Canada Square, and we did, in fact, think that they might be one developer who could undertake this kind of a salvage job for us; whether this was realistic or not, I don't know, I have no first-hand knowledge of their own position in this matter. But, ~~they~~ also mentioned the fact that we had a number of other prominent developers asking to be allowed to participate, and I thought that we should talk to them as well and see whether they would be interested in undertaking this kind of a salvage operation. As I say, this never took place because, within a matter of a day or so, a decision was taken that it simply wasn't realistic to talk about salvaging any significant part of these plans, and that we should go out for brand-new proposals.

Mr. Renwick: Well, if I could just make one further reference, perhaps it's ~~even~~ semantics to that second paragraph, but the last sentence is:

"If we conclude that this is the course to follow, the fact that the same developer had had both jobs, might involve an additional point of criticism for both ourselves and the government, for which we should be prepared." I take it that the course to follow is to go with Canada Square.

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5:55- 6 pm
C.B.Mr. Sissons:

You can read that either way. I think I would say ~~that~~ if we concluded the first to follow was to try to select a developer who could salvage these plans, and if it turned out that Canada Square, the developer with whom we were very favourably impressed, was in fact chosen to do this, this would be a very serious point of criticism.

Mr. Renwick: Thank you.

Mr. Genest: Mr. Chairman, I would like to suggest to Mr. Shibley that the question he put to the witness following Mr. Renwick's question which was with respect to ~~the election results~~ a very articulate question ~~about the election~~, and there was a reference to ~~the~~

Mr. Shibley: That was a lawyer's question.

Mr. Genest: ~~The~~ election results in 1971 on which Mr. Sissons made no ~~a~~ comment. ~~I~~ I would like the counsel to ask him to ~~comment~~ comment on the bearing that that election result had on his actions around November of 1971.

Mr. Shibley: I agree with Mr. Genest, Mr. Chairman, that that's a proper line of question, and I think with the committee's permission, I would like to ask Mr. Sissons, ~~did~~ the result of the October 1971 election influence you or any other member of the staff of Hydro in the mode of dealing with the new head office project?

Mr. Sissons: Certainly, not.

Mr. Shibley: Was it ever the ~~subject~~ ^{one} Subject of discussion between you and ~~any~~ other person within or ~~outside~~

June 6/73

5:55-6 pm

C.B.

(Mr. Shibley)

outside of Hydro?

Mr. Sissons: It was not.

Mr. Shibley: So can this committee take it that whatever was influencing your decision is reflected in the documentation that has been tabled in depth as well as what is being said ~~and~~ by you and the other witnesses?

Mr. Sissons: I tried to make a point this morning of saying that I had adopted over a substantial career in the public service a policy of studiously ignoring such factors, and tried to make business decisions as they should be made.

Mr. Shibley: Mr. Sissons, just following ~~this~~ ~~also~~ upon Mr. Renwick's question to you as the author of exhibit number 26, that is the November 25 memorandum — you have already said that the content of this memorandum was very much influenced by the circumstance of a desire to salvage the existing plans. Is that correct?

Mr. Sissons: Yes sir.

Mr. Shibley: Now accepting that on the basis upon which you formulated this memorandum, was the developer that you made reference to in this memorandum Canada ~~McGill~~ Square?

Mr. Sissons: I made reference to several developers ~~as well as~~ in this memorandum in a general way.

Mr. Shibley: The memorandum was prepared on the basis that you had to single out a developer to salvage the plans. What I'm asking you, was the developer you had in mind when you prepared this memorandum Canada Square?

June 6/73
5:55- 8 pm

C.B.

Mr. Sissons: NO sir, I don't think it was.

Mr. Shibley: Mr. Chairman I have a few more things to cover with this witness and I don't think I can do it within the sixty seconds remaining.

Mr. Chairman: No. Well, I have one or two questions myself and I imagine some of the other committee members may have; so ~~we~~ we will adjourn now until 3 o'clock tomorrow afternoon.

The committee adjourned at 5:48 o'clock p.m.

~~XXXXXXXXXXXX~~

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Page</u>	<u>Description</u>
134.	280-1	Letter - July 2, 1971 - From H.J. Sissons to B.L. Brooks - re Preliminary Specifications for Office Accommodation
135.	294-1	Memo to file - June 14, 1972 - From H.J. Sissons re Fairview Corporation
136.	295-2	Memo - November 8, 1971 - From D.J. Gordon to H.J. Sissons re New Building Planning

APPEARANCES

Committee members:

J.N. Allan

J.E. Bullbrook

I. Deans

M. Gaunt

L.C. Henderson

R.G. Hodgson

W. Hodgson

J.P. MacBeth (Chairman)

W. Newman

J.A. Renwick

G.W. Walker

Clerk of the committee:

Paul Moore

Committee counsel:

R.E. Shibley, QC

Assistant to committee counsel:

J.P. Bell

Ontario Hydro counsel:

Pierre Genest, QC

James McCallum, QC

Canada Square counsel:

Douglas Laidlaw, QC

Blair Cowper-Smith

G.D. Finlayson, QC

LEGISLATURE OF ONTARIO

SELECT COMMITTEE

HYDRO HEADQUARTERS

Thursday, June 7, 1973.

3-2-37
4-7-41

APPEARANCES

Committee members:	J.N. Allan
	J.E. Bullbrook
	I. Deans
	M. Gaunt
	L.C. Henderson
	R.G. Hodgson
	W. Hodgson
	J.P. MacBeth (Chairman)
	W. Newman
	J.A. Renwick
Clerk of the committee:	Paul Moore
Committee counsel:	R.E. Shibley, QC
Ontario Hydro counsel:	Pierre Genest
	James McCallum
Canada Square Counsel:	Douglas Laidlaw
Former Superintendent of Internal Services, Ontario Institute for Studies in Education:	Barry L. Brooks
Assistant General Manager --- Services, Ontario Hydro:	Henry J. Sissons
President, Canada Square Corp. Ltd.:	Gerhard W. Moog

List of exhibits introduced during this sitting appears on last page

LEGISLATURE OF ONTARIO
SELECT COMMITTEE - HYDRO HEADQUARTERS

H 308 - 1

June 7/73
3:15 - 3:20 pm.
M.S.

The committee met at 3:18 o'clock, p.m., in the members' board room.

Mr. Chairman: Ladies and gentlemen, Mr. Allan assures me that we have a quorum, and on the basis of his assurance I call the meeting to order and ask Mr. Brooks if he would come forward. Mr. Brooks, you were sworn the other day, so your oath still applies, ~~but~~ I will ask Mr. Shibley to please proceed.

Mr. Shibley: Mr. Brooks, you've been recalled to clear up a few inconsistencies that have developed in the evidence, or at least to shed light on certain aspects of the evidence. I should tell you that following your testimony, Mr. Sissons gave evidence, and is in the course of giving evidence, as ~~for~~ follows:

He says the only communication with you in the year 1971 was receipt by him of correspondence in May of that year, particularly a letter dated May 26, 1971, referable to other business affecting Victoria College. You having written to him, there was a follow-up telephone conversation between you respecting the same business matter. That it was in the course of that telephone communication, and without any attendance by you at his office, ~~that~~ the OISE building setup was first mentioned. That he did follow up by visiting the OISE building on June 8, 1971 in the company of Mr. Candy and Mr. Witbeck. That this was the only attendance that he made, ~~that~~ he did not make a separate attendance, as you had indicated, followed by a subsequent attendance of Candy and Witbeck. ~~That~~ he was one of the people who attended in the first instance.

That you sent him the plans under cover of a letter dated June 28, 1971. ~~He~~ he can't remember who made the request

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June 7/73
3:15 - 3:20 pm.
M.S.

(Mr. Shibley)

of you to do so. And that in that year, 1971, there was no other communication between you. That in the year 1972 there was a visit on your part, without appointment, you dropped in on him to discuss the vacancy of the president's chair at Victoria College. ~~And the nature of his confidence in the year in~~
~~1972 was.....~~

Tape H 309 follows

H-309-1

(Mr. Shibley)

~~vacancy of the president's chair at Victoria College.~~ And the essence of his evidence is that you are in error as to the year in which that constituted the basis of a visit with you.

Again, by way of review of that witness's testimony, he has said that Mr. Candy was one of the people visited on June 8, ~~1971~~ I am not sure whether he is clear as to whether Candy requested the plans be delivered. Through Mr. Sissons, all people in Hydro have disclaimed any telephone communication with you referable to the friendly relationship which existed as between Mr. Moog and Premier Davis.

Now having given you that review of Mr. Sissons' evidence to assist you, I would first like to ask you, did you make only one visit to Mr. Sissons' office during the period 1971-1972?

Mr. Brooks: I have been to Mr. Sissons' office once, yes.

Mr. Shibley: Just the once?

Mr. Brooks: ~~Yes~~ Yes.

Mr. Shibley: And did you make that visit in respect of the presidency of ^CVictoria College?

Mr. Brooks: ~~Yes~~ If I might speak at length on this, ~~I~~ I have seen the correspondence to which reference was made yesterday and ~~which~~ which you said it would not be entered as an exhibit. I have read that correspondence. It is my correspondence. I had completely forgotten that I had ever communicated with Mr. Sissons on this matter. It is a matter that does not relate to the presidency. It is a matter that relates to another phase of Victoria's problems. I shouldn't say ~~Victoria's~~ Victoria's problems, it related ^S to Victoria College. And now that I have seen that and I have been ~~refreshed~~ ^r refreshed by reading ^{my} my own letter, I realize that it was on that matter of business that I approached Mr. Sissons and not something that was more personal. I think the fact remains that I spoke with Mr. Sissons about this matter and communicated about the matter at that particular time. And that was when Canada Square was introduced or the lease-purchase was introduced.

Mr. Shibley: And that communication was by telephone only?

H-309-2

MR. Brooks: And then I wrote a letter which has nothing to do with lease-purchase^{or} or Canada Square.

Mr. Shibley: What I am driving at, though, is your communication with Mr. Sissons referable to the OISE building; and a lease-purchase type^{of} arrangement was made therefore by telephone, Is that correct?

Mr. Brooks: I communicated with him by telephone in May 1971. Yes, that is correct.

Mr. Shibley: That would be at a time subsequent to May 26 of that year?

Mr. Brooks: Right.

Mr. Shibley: I might say, Mr. Brooks, that that would be consistent, would it not, with MR. Sissons being among those who visited the OISE building on June 8?

Mr. Brooks: Yes, that would be consistent with it. I have no evidence of the June 8 meeting. I know there was a ~~visit~~ visit to the institute in June.

Mr. Shibley: For the benefit of the members of the committee as much as anyone, in Hansard at ^{page} ~~page~~ 240-1 about three-quarters of the way down the page, Mr. Brooks said;

"I suggested to Mr. Sissons that he might like to ~~go~~ come and see the building on Monday. He declined. And I said, "What about Tuesday noon?" He couldn't get out of that one so he came on Tuesday noon."

~~And~~ This was following hard on the heels of your statement that you are from western Canada and that you believe in following up hard. So that if Mr. Sissons visited the building shortly after your communication with him, and that communication was at the end of May, let's leave it at that.

Mr. Brooks: Yes.

MR. Shibley: Then when he says that he visited the OISE building on June 8, that would be consistent with following up very shortly after your telephone conversation?

Mr. Brooks: Very consistent. Yes.

Mr. Shibley: So that in that respect you wouldn't then offer evidence differing from that of Mr. Sissons as to when

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(Mr. Shibley)

then offer evidence differing from that of Mr. Sissons as to when and the circumstances of his attendance?

Q Mr. Brooks: No.

Q Mr. Shibley: And Mr. Sissons only made one visit to the OISE building?

Q Mr. Brooks: Mr. Sissons made one visit to the OISE building.

Q Mr. Shibley: So that if representatives of Hydro attended a second time it would be persons who attended subsequent to the June 8th visit, being the visit of Mr. Sissons, Mr. Candy and Mr. Witbeck?

Mr. Brooks: ~~Yes, subsequent to that.~~ Yes, subsequent to that.

Mr. Shibley: But the other visits by other representatives of Hydro or perhaps Mr. Candy and Witbeck being among them ^{were} at a time subsequent to June 8th? Is that correct?

Mr. Brooks: Yes. That's correct.

Mr. Shibley: Now then with respect to the telephone call -----

Mr. Brooks: Before we go on with that could I just ^{yaise that} just

Mr. Shibley: Yes, surely - go ahead.

Mr. Brooks: I would like to say that Mr. Sissons was the prime attender and you asked me a question the other day about Mr. Cameron. May I speak about it?

Mr. Shibley: Yes.

Mr. Brooks: I was completely at a loss as to who Mr. Cameron was, and I think it is very important to realize that in exhibit 14, page 6, it indicates, and I can read from the fifth paragraph, or ^{the} middle paragraph at the bottom of the page, it says:

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M.F.

H - 310 - 2

(Mr. Brooks)

"John Carroll and I received a conducted tour by Jim Patter of Canada Square Corporation and Russel Chaplin of Swiss-Granada Holdings." ~~He~~ They received a tour of the buildings and I think this is why I could not recall Mr. Cameron, because Mr. Patter, as far as I am concerned, would have been the prime visitor at that time, and it was not unusual for Mr. Patter or Mr. Chaplin to bring guests through and I would answer questions for them, and therefore I can recall Mr. Patter coming through as the prime guest, as Mr. Sissons was the ~~prime~~ guest.

Mr. Shibley: Those gentlemen are ~~with what~~ ^{with what} firms?

Mr. Brooks: Canada Square. Mr. Chaplin was our resident building superintendent. ~~He~~ He was Canada Square's site man.

~~Shibley:~~ Mr. ~~Shibley~~: You are referring to the content on page 6 of exhibit 14, ~~July~~ ^{July} 16, 1971, the report of Cameron to Smith?

Mr. Brooks: That is right.

Mr. Shibley: Are you telling the committee that that was the meeting at which Mr. Cameron attended the building and had discussion with you?

Mr. Brooks: I am saying I didn't recall Mr. Cameron by name or face or Hydro identification, and the reason that I -----

Mr. Shibley: May I ask you this? Did you ~~ever~~ ^{ever} see Cameron a second time?

Mr. Brooks: I would have to see him again ~~the~~ ^{at} the first time to know if ~~I~~ I ever saw him the second time. I am sorry, I just don't recall the man, and I think it is because -----

Mr. Shibley: Is Mr. Cameron in the room here? No.

Mr. Brooks: And I think it was because Mr. -----

Mr. Genest: He is ~~not with~~ ^{not with} Hydro ~~at the moment~~ ^{any more}.

Mr. Brooks: He is not with Hydro. It was because Jim Patter was the prime, the principal guest at that time.

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Mr. Shibley: Well, let me put another question to you. You saw Mr. Cameron, whether you recognized him as such or not, some time prior to his first report of July 16, 1971, because he makes reference to the fact of a visit with Mr. Carroll, Mr. Patter and Mr. Chaplin. Is that correct?

Mr. Brooks: Right.

Mr. Shibley: Did you see Mr. Cameron again a second time prior to July 26~~th~~, 1971?

Mr. Brooks: This is where I would have to see Mr. Cameron to be able to identify ^{him} because if he came with Mr. Patter I did not identify him as a Hydro official and therefore can't reidentify him; it is not just in my memory.

Mr. Shibley: So that you cannot help this committee as to ~~_____~~

Mr. Brooks: I can't help you with that point.

Mr. Shibley: ~~_____~~ When he makes reference in exhibit 17, being his second report of July 26~~th~~, 1971, to providing additional information obtained in a meeting with Barry Brooks, you can't help us as to whether that i(n)formation emanates from a second meeting with you or relates back to the one and only meeting with you, that being prior to July 16~~th~~. Is that correct?

Mr. Brooks: Right. That is right.

Mr. Shibley: You can't help us as to that?

Mr. Brooks: I can't help you, I am sorry. ^{And} This is not unusual to my routine of business that if they had been appropriately introduced by a recognized authority that I would relate what information I could in answering their questions; and in this particular case Mr. Cameron was introduced by an appropriate authority and I would ^{then} ~~then~~ not withhold information from him.

Tape H 311 follows

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PLG

(Mr. Brooks)

~~by an appropriate person. This is all I'd~~
~~like to say.~~

Mr. Shibley: All right. I next ~~want~~ want to deal with your previous answers referable to ^a ~~the~~ telephone call. I told you what is the evidence of Mr. Sissons in that respect, he communicating a position on ~~behalf of all~~ behalf of all members of Hydro. I would also, in fairness to yourself, point out that in your ~~next~~ original testimony you gave somewhat inconsistent answers, ~~and~~ before I embark upon a line of questioning, I think I should outline them to you. In Hansard ~~at page 241, page two, about three-quarters of the~~ ^{at} Tape 241, page ~~two~~ two, about three-quarters of the way down the page, I am examining you, and I ask you:

Shibley: "Now, again, Mr. Brooks, was it at any time ~~any~~ part of your conversation with Mr. Candy or the other two gentlemen who attended with him that Mr. Moog was a friend of Premier Davis?"

~~He~~ "Mr. Brooks: There was no conversation at that time.

"Mr. Shibley: Was there ever a conversation between yourself and anyone on behalf of Hydro to that effect?

"Mr. Brooks: I had one telephone ~~xxx~~ conversation of that nature, yes.

"Mr. Shibley: With whom?

"Mr. Brooks: I think it was with Mr. Candy. I would have to check my memory on that but I am pretty sure it was Mr. Candy.

"Mr. Shibley: What was the occasion of that telephone call?

"Mr. Brooks: He simply phoned to ask the question ~~Was~~ there a friendship, to which I replied to him as I would reply to anyone, I don't know whether there was a friendship or not, but if there was a friendship it had no effect upon our decision-making process and that is as far as I can go.

"Mr. Shibley: Was that the purpose of his call or was there some other reason for him making a call to you?

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Plg

(MR. SHIBLEY)

"Mr. Brooks: I am sorry, I ~~do~~ have no recall on that either.

"Mr. Shibley: Can you remember how soon after the visit by ^{Mr.} Candy that this telephone call was placed to you?

"Mr. Brooks: It would be a considerable time after.

"Mr. Shibley: When you say 'considerable time,' ~~what~~ ~~does that mean?~~ "

And you ultimately say:

"Mr. Brooks: "It would be into the months."

And then I asked you to repeat the exchange:

"Mr. Brooks: Well, the connotation of the question was, ~~is~~ there a friendship between Mr. Davis and Mr. Moog? My reply was that I don't know whether there is a friendship or an acquaintanceship or not." "

Mr. Shibley: I ask you to note those words; and this is following my request that you be precise:

"Mr. Brooks: "I don't know whether there is a friendship or an acquaintanceship or not. All I know is, if there was, there ~~was~~ was no effect of that upon our decision-making."

And then later Mr. Renwick examined you respecting the same matter, Tape 245, page 1 and 2, about a third of the way ~~way down~~ "Mr. Renwick: At that time were you aware [at that time refers to the time of the conversation you said you had had, respecting the relationship] ~~at that time were you aware~~ of any relationship between Mr. Moog and Mr. Davis?

"Mr. Brooks: Our negotiations were in 1967. In 1967, I knew of no relationship. In 1970, through reading the press, etc. I had learned that there was a relationship.

"Mr. Renwick: In 1970 you were aware of a relationship?"

"Mr. Brooks: Or 1971 when Mr. Candy, I guess in 1971 when Mr. Candy asked me.

"Mr. Renwick: So that when Mr. Candy asked about it, you at that time were aware of the relationship between Mr. Davis and Mr. Moog?

Tape 312 P

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3:35 - 3:40 pm

C.B.

(Mr. Shibley)

Brooks: I was aware that the community said there was a relationship so that I would have to say that I was a third party".

Then you go on to expand on that. Now I refer you back again to Hansard, tape 242, page 1, at the bottom, wherein yhu said your reply to Candy was "that "I don't know whether there is a friendship or an acquaintanceship or not."

I'd like you to note that that is not the same as what you said to Mr. Renwick later on in your testimony. Now having brought all of that to your attention, I'd like to take you through a series of questions.

First of all, are you now, upon reflection, certain that someone telephoned you to enquire as to whether there was a relationship or friendship between Mr. Moog and Premier Davis?

Mr. Brooks: Someone phoned me and asked me that ~~my~~ question, yes.

Mr. Shibley: All right, that being the case, are you now certain that it was someone from Hydro who telephoned you to that effect?

Mr. Brooks: I don't think I was even certain on June 5, when I gave my testimony. ^{here} ~~Now~~ I think I used the words, "I think it was Mr. ~~Cameron or~~ Candy, and I would have to check my memory". I was not positive at that time that it was Mr. Candy. If I could explain, my business procedure was that I generally answered my own telephone rather than going through the delay of a secretary's referral to me, I generally picked up

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C.B.

(Mr. Brooks)

my own phone, if I could possibly do it, and handle the client as quickly as possible, ~~and~~ It was out of that connotation that I answered the telephone and the question was asked. I made an assumption that I was identifying the voice; there was no identification of the caller, ~~and~~ ~~and~~ My recall the other day was ~~in~~ in the conditional ~~---|~~ that I think it was, and I would have to check my memory. ~~and~~ It wasn't as specific "yes, it was Mr. Candy"; it was a conditional^o, the other day.

Mr. Shibley: Was there any other ~~content~~ content of that telephone communication to you, which would assist you to identify the person who was calling?

Mr. Brooks: To my recall there was not. But I considered the telephone call unusual and insulting at the time, and therefore I can remember the nature of the question because I considered it so unusual. I cannot recall if there was any other ~~con~~versation in the call.

Mr. Shibley: Was there any reference on the part of the caller to the Hydro building?

Mr. Brooks : No.

Mr. Shibley: Was there any reference to Hydro at all?

Mr. Brooks: No reference to Hydro.

Mr. Shibley: Was there any reference to any person connected with Hydro?

Mr. Brooks: No reference to any person.

Mr. Shibley: So then I take it that nothing was said in the course of that communication, in terms of

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C.B.

Mr. Shibley

words used, content of conversation, that would lead you to believe that it was Mr. Candy or someone from Hydro?

Mr. Brooks: That is correct.

Mr. Shibley: Then why did you presume to conclude that it was someone from Hydro who had called?

Mr. Brooks: Voice identification would be the reason; and a person can be in error on voice identification ^{the} on ^{that} telephone; ^{that} would be my reason.

Mr. Shibley: If Mr. Candy testifies under oath, as I now anticipate he will, that he made no such communication with you, are you prepared to contradict him?

Mr. Brooks: No, I wouldn't be prepared to contradict him, because he would know whether he made the call or not. I was only making an assumption from voice identification.

Mr. Shibley: When was this call received by you?

Mr. Brooks: You asked me the other day this very ~~qnx~~ question, and it took several questions ^{of me} before I could— how precise do you want an answer? I'm sorry. I received so many telephone calls at that time, that direct, specific recall as to when ~~you~~ ^I received a telephone call is a difficult matter. It was certainly in the same seasonal period of time. The same season as I had shown Hydro through the building.

Mr. Shibley: So it would be—

Mr. Brooks: ~~It would~~ ^{To} come down to something like July 15, I'm sorry I can't come that precise.

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C.B.

Mr. Shibley: So what you are saying, would be that it would be within the summer months of 1971?

Mr. Brooks: Yes, as opposed to the winter months of 1971.

Mr. Shibley: And, again, did the timing of the call in any way relate to Hydro's earlier

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M.R.

(Mr. Shibley)

~~any way relate to Hydro's earlier~~ communications
with you?

Mr. Brooks: It would have related if I made that assumption that it was Mr. Candy's ^{Voice} ~~name~~; it would have related time-wise, yes. Content, no, but time-wise yes.

Mr. Shibley: Well, what do you mean by that?

Mr. Brooks: It was in the summer of 1971.

Mr. Shibley: So you can't get any closer than that?

Mr. Brooks: I'm sorry, I can't.

Mr. Shibley: And you indicated earlier that you receive as many as 80 telephone calls a day?

Mr. Brooks: I had a tabulation done on it, just because I was very much concerned about not getting some of the work ^{done} that I wished to get done; ~~and~~ I made a tabulation to see where my time was going.

Mr. Shibley: But you ~~made a tabulation~~ had a tabulation made and it indicated that in this period of time you were receiving 80 telephone calls a day. Is that correct?

Mr. Brooks: That is right.

Mr. Shibley: And we are talking about a period of perhaps 100 days?

Mr. Brooks: Right.

Mr. Shibley: So we are talking about picking out one call from among 8,000 telephone calls within that period of time?

Mr. Brooks: That is correct. If it was a memo ~~to~~ I would be able to have some assistance.

Mr. Shibley: You don't have a system whereby your telephone receptionist keeps a docket of telephone communications, do you?

Mr. Brooks: I was answering my own phone directly to relieve my stenographers and administrative assistant to get some of the work done.

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(Mr. Shibley: I have no further questions.

Mr. Brooks: Could I make a comment at this stage?

Mr. Allen^a was asking about the maintenance of the building and I noticed in one of these — Exhibit 14, — that there was reference made to the maintenance, ~~and~~ I felt that I would like to underline. I'm not quite sure whether I answered Mr. Allen^a fully enough, ~~that~~ the maintenance was of a superior quality.

Mr. Allan: Yes, you did.

Brooks:

Mr. ~~Allen~~ ~~Many~~ Many things were thrown in which were not in the contract. ~~and~~ I think of one day in particular when, after we moved into the building, I had some Canada Square people with me, ~~and~~ walking through the parking garage, ~~and~~ said, "It's a shame that you developers always ~~have~~ have to leave a parking garage in raw concrete." ^A and immediately the parking garage stairwells were painted, ^{yet} ~~and~~ it was just a casual aside comment. ~~and~~ I think that shows you specifically, and when I read this document 14 I thought that you ~~might~~ might like to have that information.

Mr. Chairman: Do any of the committee members have any further questions of Mr. Brooks?

Mr. Renwick: I just have one, Mr. Chairman.

Mr. Chairman: Mr. Renwick.

Mr. Renwick: In Exhibit 17, have you got this, Mr. Brooks?

Mr. Brooks: Yes, I have.

Mr. Renwick: In the second paragraph the second sentence says "he" referring to Gerry Moog, conducted all building arrangements with Barry Brooks of OISE on a personal basis. Is that a correct statement?

Mr. Brooks: Mr. Moog certainly conducted building arrangements with me on a personal basis. His architect also conducted building arrangements with me on a personal basis.

~~Mr. Renwick: You said on a personal~~

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M.R.

Mr. Renwick: When you say on a personal basis, do you mean that you and he met together to discuss all building arrangements? In the sense that you said in your evidence the other day that you were the ^{principal} ~~principal~~ executive person in charge of building arrangements reporting to the property management committee or whatever the proper designation of that committee was?

Mr. Brooks: I think that this statement refers to the period of time, probably, after the contract was signed ^{when} ~~and~~ we were in the building arrangement development stage ^{and} ~~where~~ there was a great deal of daily communication involved.

Now, if you are thinking of the proposal stage, yes, there was personal contact with Mr. Moog, but there was also with Mr. Willoughby, Crang and ^{BOAKE} ~~Balk~~ at the Medical Arts Building and there was with ^{REICHMANN} ~~Paul and Albert~~ of Olympia and York.

Mr. Renwick: ~~My~~ specific concern is that you advised us the other day in your evidence that you had ~~met~~ ~~and~~ had occasion to meet with Premier Davis, who was at that time not the Premier but the Minister of Education, during the course of these building arrangements; and this indicates that you and Mr. Moog had a very close liaison arrangement with respect to building arrangement at the same time or during the same period of time. Is that correct?

Mr. Brooks: No. I think that you are getting your time condensed too quickly.

Mr. Renwick: ~~My~~ let me just say, I'm not getting ~~the~~ times confused. I'm asking you to clarify for me

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(Mr. Renwick)

Mr. Chairman, let me just say, I am not getting times confused,. I am asking you to clarify for me whether or not in the relationship which you had with the Minister of Education at that time, during the period of the arrangements with respect to the OISE building, you were also meeting with Mr. Moog?

Mr. Brooks: There are two things that are confusing here. (Could I ask for clarification? ~~There are~~ there are two times, and I am not quite sure which time to which you make reference, whether it's the proposal tender stage, or whether it's the building arrangement stage. In the proposal tender stage I did not know Mr. Davis. It was only as the final contract was let and the board introduced the contract to Mr. Davis that I came to know Mr. Davis.

Mr. Renwick: And at that time, when you came to know Mr. Davis and met, I believe you said, on two or three occasions with him, at that time, during that period of time, ~~there~~ were you meeting personally with Mr. Moog on building arrangements?

Mr. Brooks: The contract was signed at that time, ^{it} was very essential that we meet with Mr. Moog on a regular basis because the architects' drawings were being firmed up and selection of materials was essential.

Mr. Renwick: Mr. Brooks, did you know at the time that you were meeting with Mr. Moog, ^{which} ~~that~~ is referred to in this document, exhibit no. 17, did you know at that time that Mr. Moog was a friend or an acquaintance with Mr. Davis?

Mr. Brooks: In replying to that, may I also indicate when Mr. Shibley took us through the transcripts that on page 241(3) and 242(1) that, at the bottom of the page 242(1), I say; "I don't know whether there is a friendship or an acquaintanceship or not". I think that should have read; "I didn't know whether there was a friendship or not", because at that ~~stage~~ stage I am

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(Mr. Brooks)

talking about OISE; at page 242 I am speaking ^{of} ~~about~~ OISE and at that stage I did not know if there was a friendship or not. On ~~the~~ subsequent page, I think it was 245, where Mr. Shibley took us, we are then talking about Hydro and at that stage I think I made reference, and I can't find it right here, that three years later I had heard of a friendship, but it was third-hand. Does that help?

Mr. Renwick: Thank you.

Mr. Chairman: Mr. Bullbrook.

Mr. Bullbrook: Yes, I want to ask several questions, and before I do, I want to preface my questions so that the witness will understand the context of our responsibility and ~~not be~~ not be offended in any way, because our responsibility is to look into all, Mr. Brooks, all the circumstances surrounding the agreement between Hydro and Canada Square. So I want to put directly to you the question: Have you ever been involved socially with Mr. Moog?

Mr. Brooks: As a tenant ~~if~~ ^{if} I can call it that ^{of} of the lease-purchase agreement, a number of us were invited to 2200 Yonge or 2100, ^{whatever} ~~where~~ it is, when the Transamerica Building was opened. I was there, as was the mayor and, you know, a group of people. I think you would call that socially; yes, I was involved.

Mr. Bullbrook: Any other occasion?

Mr. Brooks: One night at the Granite Club my parents from Edmonton were visiting and ^{they} ~~we~~ had gone as guests of, ^{and} coincidentally, the lady ^{who} ~~that~~ happened to have been born on the property commonly known now as 252 Bloor Street West. It was her father's property, and it was rather interesting that she should have met Mr. Moog at that particular stage, ^{and} because he met my parents, who were not young at that particular stage, he was gracious enough to invite ~~me~~ them back to their home, and

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M.T.

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EM Mr. Bullbrook: I'm not following you /H invite them,
your parents, back?

Mr. Brooks: My parents.

Mr. Bullbrook: To their home?

Mr. Brooks: No, my parents are from Edmonton. ~~He~~ He inv

my parents back to the Moop residence, and my wife and I were
in attendance at that time. But I wouldn't call that /H well, it
was social; it was a gracious courtesy, I took it. But that ~~was~~
~~social~~ was ~~at~~ during the building stage or the completion
of the building, I couldn't give you a time date on that.

Mr. Bullbrook: ~~I am not asking for it. Any other~~
occasions?

Mr. Brooks: ~~I have...~~

Tape H-315 follows

H-315-1

(Mr. Brooks)

~~2~~
~~bounty on that.~~

Mr. Bullbrook: I'm not asking for it, sir. Any other occasion?

Mr. Brooks: I have been on his boat on one occasion, two occasions, after the completion of the building. We were very cautious, as a matter of fact. Mr. Moog invited principals of OISE during the construction stage for lunch and Dr. Jackson, our director, instructed me to decline because that was not appropriate during the construction stage. After ^{the} construction stage I felt that it was quite appropriate to accept that kind of invitation.

Mr. Bullbrook: Recognizing that recollection at this late stage is difficult, are there any other instances of socializing with Mr. Moog?

Mr. BROOKS: I can recall none, other than that my wife this year was asked by Mrs. Moog to help with Toronto Symphony Orchestra.

Mr. Bullbrook: No, no.

Mr. Brooks: But I wouldn't call that socializing. That was hard work.

Mr. Bullbrook: Don't be offended, sir. I get the feeling that you are offended at my questions.

Mr. BROOKS: No, I am not offended at your ~~...~~

Mr. Bullbrook: I'm undertaking a responsibility. Let's leave your wife out of this, because we are not interested.

Mr. Brooks: Well, my wife and I are very much a part of each other; ~~and~~ you are asking for social events, and my wife and I socially go together.

Mr. Bullbrook: In fairness to me, I'm asking for your social involvement with MR. Moog, yours, Mr. Barry Brooks, not Mrs. Barry Brooks.

Mr. Brooks: All right.

Mr. Bullbrook: Are there any others that you can recall?

Mr. BROOKS: There was one lunch hour ~~at~~. I don't even know whether Mr. Moog was there or not, MR. Hanks, his building

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(Mr. Brooks)

superintendent was, and his architect was there, and members of my staff. ~~We~~ We had come from ~~the~~ ^a site meeting, and we went for lunch together; and it was one, if not the only, occasion that Mr. Cooper, the architect, picked up the tab. We were generally very cautious that each person pick up his fair share, simply because the institute didn't have an expense account to reciprocate. I can recall none other.

Mr. Bullbrook: I presume then if you can recall of none other that you were never in Mr. Moog's company outside the City of Toronto?

Mr. BROOKS: I was on one business trip ~~in~~ outside the City of Toronto.

Mr. Bullbrook: Where did that take you?

Mr. Brooks: I was on a tour of Chicago, Salt Lake City, Edmonton, of libraries, and it was arranged that Mr. Cooper and Mr. Moog should meet me in Chicago and again in Edmonton. They were doing a different tour. I met Mr. Cooper — I don't think Mr. Moog was with Mr. Cooper in Chicago at the American Dental Association building as we inspected cafeterias there. I met MR. Cooper and Mr. Moog in Edmonton as we inspected the Cameron Library at the University of Alberta, and the new public library that Mr. ^{Cobourne} ~~Cobourne~~ developed for the City of Edmonton, ^{So} ~~that~~ we met outside the city on that one trip which hit two cities. But we didn't travel ~~together~~. It was just that our paths crossed purposely at two points to inspect two phases of our development.

Mr. Bullbrook: Would I correctly assume that this had to do with the building of the OISE building and the necessary amenities and facilities that you wished to see?

Mr. Brooks: The American Dental building was in connection with the cafeteria to make sure that some of the features ~~that~~ we were building into the cafeteria would really stand the wear that we had anticipated from a building that was open seven days a week, and we were convinced, at ~~least~~ I was convinced there that it would stand it; and Mr. ^{Cobourne} ~~Cobourne~~ in developing the Edmonton City library, had ~~developed~~ what we called ~~it~~ a stacked library, and had

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(Mr. Brooks)

developed it rather well; ~~and~~ it was important that we see this stacked library as well as the new Cameron Library that was opened on the campus, and that was for our particular purposes of library investigation.

Mr. Bullbrook: I would like you, if you would, and I do appreciate, and you must appreciate, that you have the ~~w~~right to make any adequate explanation, but I don't want you to, and I say most respectfully, ramble on, in your responses to me.

Mr. BROOKS: Okay.

Mr. Bullbrook: Now, I take it, aside from these four or five social occasions, that during the course of construction of the OISE building you were in almost constant contact with Mr. Moog? Would that be correct ~~in saying~~ and fair?

Mr. Brooks: And his staff.

Mr. Bullbrook: And his staff. I'm losing patience. You must answer just the question I ask you. If you require an explanation, fine. I am just putting to you, Mr. Brooks, that ~~the~~ ^{here are} four or five social occasions you have been with Mr. Moog., ^{During} the course of construction you would have been in fairly constant communication with Mr. Moog.

H-316-1 follows



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M.F.

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Chairman: Mr. MacBeth

(Mr. Bullbrook)

~~I am just putting to you, that Mr. Brooks, that on four or five social occasions you have been with Mr. Moog. During the course of construction you would have been in fairly constant communication with Mr. Moog.~~

Mr. Brooks: Right.■

Mr. Bullbrook: Now we have evidence before us in an exhibit—and I am sorry I can't refer to it; one of the memoranda that has been made available to us—that I believe Mr. Candy advised that Mr. Moog told him that he was going to Europe to assist ~~in~~ some financial arrangements for the government of Ontario.

Now, am I correct from your evidence in the light of that information volunteered supposedly by Mr. Moog to Mr. Candy, that during the course of all these meetings that you had with Mr. Moog, there never was any mention of a friendship with Mr. Davis?

Mr. Brooks: No.

Mr. Bullbrook: Never at any time? Fine. Thank you. Now I want to relate to the conversation that you had with the caller, and I want to apologize to you that I wasn't here and haven't read in detail your evidence previously, ^{but} could you help me ~~me~~ in connection with some line of questioning that was undertaken by counsel today?

Do I correctly synthesize your evidence by saying that the conversation wherein the caller asked if you were aware of a friendship between the Premier and Mr. Moog, that that was the essence of that conversation?

Mr. Brooks: I am afraid to correct you again, if the question was between Mr. Davis and Mr. Moog because I can't recall whether M^r. Davis was Premier at that time.

Mr. Bullbrook: That is fine. I stand corrected.

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Mr. Brooks: That was the essence of the question, yes.

Mr. Bullbrook: That was the essence of it?

Mr. Brooks: Yes, that is right.

Mr. Bullbrook: Is it unfair to ask you to recall, and recognizing the difficulty, what the conversation was? Did you pick up the phone, did the caller directly say to you, "Are you aware that Mr. Davis and Mr. Moog are friends"?

Mr. Brooks: No, I picked up the phone, identified myself, and the question went, "Are you aware of a friendship between Mr. Davis and Mr. Moog"?

Mr. Bullbrook: Did you then hang up the phone?

Mr. Brooks: I said, and I think I can quote from 241 exactly what I said, ~~at that time~~ I hung up the ~~phone~~ phone. I find it a very insulting question to have asked, really, and I wasn't used to ~~this~~ ^{this} ~~being~~.

Mr. Bullbrook: I find it less than natural, and I want to say this, it would have been my inclination, Mr. Brooks, to say, "Who is this?" if I was insulted. You just didn't think of doing it?

Mr. Brooks: I didn't do it.

Mr. Bullbrook: Thank you very much.

Mr. Chairman: Mr. Gaunt?

Mr. Gaunt: Mr. Chairman, I just wanted to pick up on Mr. Brooks' testimony, particularly in reference to the first series of answers to Mr. Bullbrook, and go back in your testimony and compare that with your testimony on page 243 (1), and I find, in light of what you have said today, that there is a curious remark that I just want to clarify in my own mind.


Given the fact that you did see Mr. Moog frequently during the construction period of the OISE building, the fact that you have seen him socially on a number of occasions, and been in his presence on a considerable number of occasions, I am interested in your response when you ^{said} ~~say~~ and this is in

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(Mr. Gaunt)

reference to calling Canada Square when someone visited
~~your~~ your premises ~~and~~ you indicated by way of background
that on each occasion when someone came in to visit the OISE
building you would call ~~Canada Square~~, someone at Canada
Square



Tape H - 317 follows

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M.S.

(Mr. Gaunt)

~~occasion when someone would visit the OISE building, you~~
~~would call Canada Square, someone at Canada Square, and let~~
them know that this had been done, either previous to the visit
or after the visit had taken place. And then you, in reference
to that, said you were never thanked for that service. Now,
you explain the fact that you did this on the basis that this
was a landlord-tenant arrangement and you felt some obligation
to let Canada Square or Mr. Moog know that someone was coming
into his building to have a look at it. Now, I'm wondering, was
there an informal arrangement, or did you just consider it plain
good manners so to do?

Mr. Brooks: Plain good manners. It's a
good business procedure, too, I think.

Mr. Gaunt: And the part that really intrigued
me and triggered my curiosity was the fact that you said, "I
never even got a ^{note} thank-you from him, he never even said thank you."
Now, bearing in mind the relationship that you had with him, I
take it that you expected that sort of ^{courtesy} ~~acknowledgment~~ from him.

Mr. Brooks: I would have expected a thank-you
letter, yes, from any one of the people that I phoned; because
it was a normal business procedure it was just taken for granted.
But I think that it was a business procedure that showed courtesy,
and ~~generally~~ when someone is courteous we generally acknowledge
it, yes.

Mr. Gaunt: Was there ever any discussion between
you and Mr. Moog as to what you would do in the event that someone
came to OISE to visit that building?

Mr. Brooks: Never.

Mr. Gaunt: He never said to you, "let me know if
someone comes to see the building?"

Mr. Brooks: Nor had he enquired what I did do
with them when they do visit the building, to date.

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Mr. Gaunt: So you never ~~participated~~ participated in any conversation with Mr. Moog with reference to what I might term "drumming up business" for him?

Mr. Brooks: I think, as I gave in my evidence the other day, there was even an indication that Mr. Moog was disinterested, and I would have to say, although you might not believe that about his personality, because he is a developer, that there has been an exaggerated disinterest in the people that I've shown through the building and notified him about.

Mr. Gaunt: On behalf of Mr. Moog?

Mr. Brooks: On behalf of Mr. Moog, yes.

Mr. Gaunt: So that as far as you were concerned, you were in no way his agent in that building? I suppose that's it.

Mr. Brooks: I wish I were, but I was not.

Mr. Chairman: Any other questions? Thank you, Mr. Brooks, for returning today. I trust that this will be ~~your~~ your appearance. ^{we may} It is still possible to go further, but I hope this is it. Thank you for your co-operation in coming back.

Mr. Brooks: Thank you, Mr. MacBeth.

Mr. Chairman: Mr. Shibley?

Mr. Shibley: I would recall Mr. Sissons, please.

Mr. Chairman: Thank you, Mr. Sissons. I remind you as well that you are under ~~the~~ oath from the other day.

Mr. Shibley: Mr. Sissons, before we continue, and again in order to assist the committee ^{to} clear up what went on in April of 1971, I might tell you that last evening I reviewed the minutes of the management committee which were delivered to me on Tuesday of this week, and among them found one document only that hadn't previously been in my possession. And, naturally, it's a document that impinges upon your thinking at that time, it being the minute of a meeting dated April 26, 1971. I tell you this by way of explanation as to why I didn't present it to you yesterday.

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(Mr. Shibley)

May I have that document presented to the witness as the next exhibit, please?

Mr. Chairman: Number 130.

Mr. Genest: What is the date, Mr. Shibley?

Mr. Shibley: It's April 26, 1971. It's a minute of a meeting of the managers ~~and~~

Mr. Chairman: 137, excuse me. 137.

~~Mr. Shibley: It was among the documents you delivered to us on Tuesday.~~

Tape H 318 follows

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DT(Mr. Shibley)~~a meeting of the managers.~~Mr. Chairman: ~~Excuse me, 137.~~

Mr. Shibley: It was among the documents you delivered to us on Tuesday, Mr. Genest, ~~and~~ I note in that minute, as part of item 4, you say, "Whatever information is now available ~~should~~ should be used to support a strong recommendation for proceeding with the construction of a Head Office building largely in conformity with plans already prepared. If necessary, financing could be arranged through a separate building development corporation." Now, Mr. Sissons, I take it from this document that it evidences your thinking as ~~of~~ ^{at} April 26, 1971, to be one respecting going forward with the building of a building based on the plans which had been completed in 1969. Is that correct?

Mr. Sissons: Yes, that is correct, ~~and~~ ^{as} you recall, this was ~~preceded~~ ^{preceded} by those other memoranda which we discussed yesterday, from Mr. Witbeck and so on.

Mr. Shibley: So that, I would suggest to the committee, this again is corroborative of the chronology which Mr. Sissons has suggested to the committee earlier; namely, that it was in late May that he first had any direction towards a lease-purchase type arrangement and that emanating from the telephone communication with Mr. Brooks. Is that correct?

Mr. Sissons: Yes.

Mr. Shibley: Well, then, Mr. Sissons, when I concluded yesterday's session, I had asked you about the November 25, 1971, memorandum described as "Notes re Logistics of Head Office Project", ~~and~~ ^{Again}, upon a review of Hansard, I will ~~ask~~ read my last question to you which was: "The memorandum was prepared on the basis" -- I am sorry, going back, I am looking at Hansard, ~~page~~ ^{page} 307, page 2.

Mr. Chairman: Do you have a copy of that, Mr. Sissons?

Mr. Sissons: Yes, if I can just ~~give~~ ^{give} it up, please.

Mr. Shibley: 307, page 2, the second last page of the transcript.

Mr. Sissons: The afternoon session, Wednesday, June 6?

Mr. Shibley: That's correct.

Mr. Sissons: The second last page. Yes, I have it here.

Mr. Shibley: And I will just start back a little. I was ~~ask~~⁶⁴ asking Mr. Sissons, just following also upon Mr. Renwick's question to you, as the author of ~~xxx~~^{exhibit} number 26, that is the November 25 memorandum, you have already said that the content of this memo was very much influenced by the circumstance of a desire to salvage the existing plans, Is that correct?

⁶⁴ Mr. Sissons: Yes, sir.

⁶⁶ Mr. Shibley: Now accepting that on the basis ~~my~~ [I think the question was, accepting that that was the basis] upon which you formulated this memorandum, was the developer that you made reference to in this memorandum Canada Square?

⁶⁶ Mr. Sissons: "I made reference to several developers in this memorandum in a general way." ^{66 Mr. Shibley} The memorandum was prepared on the basis that you had to single out a developer to salvage the plans. ~~but~~^{What} I am asking you, was the developer you had in mind when you prepared this memorandum Canada Square? And your answer then, "No, sir, I ~~don't~~ don't think it was".

Now, Mr. Sissons, I have gone back on the transcript and I am concerned to put the same question to you again lest there have been some confusion in your mind, emanating from earlier questioning wherein the aspect of salvaging the plans was not part of the question and I don't know that my emphasis to you in the last question registered. I want...

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M.R.

(Mr. Shibley)

~~...question and I don't know that my emphasis to you in the last question registered.~~ I want to give you an opportunity to reflect upon the answer you made at the conclusion of the last hearing and put the question to you again. Bearing in mind, I might say, some of the review of the earlier events that we have now gone through with you, and again assuming that you prepared that memorandum on the basis that you wanted to ~~at~~ salvage some of the plans, was the developer that is referenced by you in Exhibit 26 Canada Square?

Mr. Sissons: Yes, sir, I would say it was.

In reviewing this memorandum as objectively as I could, there is no doubt in my mind that the spirit of the paragraph on Page 2, which I believe is the one we were discussing, certainly was that if we were to make any real attempt to salvage something significant by way of redesigning from the old plans, we should consider going with one developer, namely Canada Square.

Mr. Shibley: Now . . .

Mr. Sissons: Might I emphasize here that this was not a recommendation. I think I emphasized that yesterday. It was something that I felt we should consider, and the memorandum was a ~~memo~~ memorandum for consideration and discussion.

Mr. Shibley: All right.

Mr. Sissons: I was pointing out also, if I could just add to that, that there would be some very serious problems associated with that.

Mr. Shibley: Mr. Sissons, just backing away from the documentation for a few moments, do I obtain a sense of urgency which was enveloping the staff people at Hydro during 1971 to get on with the creation of this new building?

Mr. Sissons: Yes, sir, very much so. And I think this at all times uppermost in my mind.

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Mr. Shibley: Not only a sense of urgency but frustration, if I may use that term —

Mr. Sissons: Yes.

Mr. Shibley: — By reason of the continuing deferral of your earlier plan, Is that correct?

Mr. Sissons: Yes, I could see, I thought, the economic climate ^{again} turning against us, ^{AFTER} with all of the ^{BUILDING} ~~pulling~~ had been deferred before because of a tight money situation, high interest rates, overheated economy, ~~and~~ It seemed to me that we were again approaching ^a ~~the~~ swing in the economic cycle which might affect people's thinking about this, and I was very very much concerned indeed that we shouldn't get caught in another trap.

I thought and felt that time was of the essence and ~~there~~ that we had to move forward one way or another within a measurable time.

Mr. Shibley: Well now the other thing that occurs to me, and I put it to you, is that in the spring of 1971 people such as Mr. Candy and yourself were for the first time confronted with an alternative, something that had not occurred to you prior to say, early June of that year. Is that correct?

Mr. Sissons: That is, sir, and I think it's obvious that we were very ~~enthusiastic~~ enthusiastic about that alternative.

Mr. Shibley: Yes.

Mr. Sissons: It represented a whole new ...

Mr. Shibley: It seemed an alternative, and this is again the sense that I elicit from the documentation. It was an alternative that was going to save your people a great deal of time and energy as well as money?

Mr. Sissons: Well, I thought so.

Mr. Shibley: And apparently Mr. Candy thought so.

Mr. Sissons: Yes.

Mr. Shibley: And you became very enthusiastic about the concept. Is that correct?

Mr. Sissons: Yes, I think that is a fair way of putting it.

Mr. Shibley: And the whole exercise within the summer of ~~1970~~ 1971 and the fall of that year was to confirm your enthusiasm and, as it turns out, to supplement that enthusiasm. Isn't that so?

Mr. Sissons: Yes.

Mr. Shibley: Such that by the fall of that year you were very much on a course headed for a lease-purchase transaction. Is that right?

Mr. Sissons: Certainly in my own mind we were, yes.

Mr. Shibley: This was a way out of the dilemma that had been created?

Mr. Sissons: That's right. That's right.

Mr. Shibley: Mr. Candy, I'm sure, could see

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(Mr. Shibley)

~~way out of the dilemma that had been created.~~ Mr. Candy I am sure, ~~w~~ could see years ~~xx~~ ahead of re-planning because of the revamped thinking in terms of your needs. Is that right?

Mr. Sissons: I am not sure I understand that.

Mr. Shibley: Well, if you ~~was~~^{were} going to do a one-phase development as opposed to two-phase, with altogether different conceptions, ~~he~~^{you}'d have to start over again.

Mr. Sissons: Mr. Candy and I were both greatly concerned about the prospect of our doing any redesigning of the building ourselves, without knowing how we were going to proceed with it. We got caught in that trap once before.

Mr. Shibley: And of course you developed an enthusiasm for Canada Square because you had visited and were impressed by the OISE building.

Mr. Sissons: Well, I think all I can say in that respect was that we knew more about that than we knew about any other similar situation.

Mr. Shibley: Mr. Sissons, I have put it to you that it was more than knowing more about ~~that~~^{that}. You ~~was~~ were enthusiastic about the OISE building.

Mr. Sissons: Yes, we were, sir.

Mr. Shibley: Yes. And Mr. Brooks gave you quite a sales pitch, judging ~~y~~ by Mr. Cameron's memorandum. Is that not so?

Mr. Sissons: Well, I hope we are ~~a~~ not in the habit of falling for sales pitches. I don't think we have that reputation.

Mr. Shibley: Well, he made a very strong recommendation in terms of Gerry Moog being the best landlord in the world, according to Exhibit 17.

Mr. Sissons: I think that is fair. He told us that from the start, and as I recall it the first day we were up there we looked in mechanical rooms and broom ~~xx~~ cupboards and at fire control systems and one thing and another. It ~~was~~ was more than a sales pitch, it was examination of the aspects of the building in which we were interested.

~~XXXXXXXXXX~~

Mr. Shibley: Well, I note in ~~Exhibit~~ Exhibit 17, Mr. Cameron said in his memorandum, page one, that "Moog carried on all the business arrangements on a personal basis," that "Brooks found Moog to be honest, a gentleman, fulfilling all his commitments, verbal or written," page 2, "profit appeared secondary to Moog's quest for quality and the right design in the OISE building," to assure quality ~~and~~ construction, "Canada Square provided two construction superintendents" and later "standards of quality would not permit an unfinished roof." "He indicated that his company would not obtain a profit from the building for about 10 years." "The books were open to be checked, of both Swiss-Granada and Canada Square," etc. These ^{were} ~~are~~ all very complimentary of the Canada Square method of dealing, were they not?

Mr. Sissons: Yes. Those were Mr. Cameron's words, I take it?

Mr. Shibley: Yes. And there was no reason for Mr. Cameron not to ~~to~~ accept the representations at face value?

Mr. Sissons: I wouldn't think so, no.

Mr. Shibley: So now develops a very real enthusiasm, not only for the concept of the lease-purchase, but for this ~~particular~~ developer in particular, because he has a reputation.

Mr. Sissons: Well, if I may say so, I think I was relying more than anything else in any opinion that I had on this on Mr. Candy's observations after his discussions with Mr. Moog, because he understood the practical aspects of ~~a~~ building design and was impressed from the outset with Mr. Moog as an aggressive designer and builder, or rather with Canada Square as a progressive designer and builder. ^{And} as I think I indicated before, this was a major consideration in my mind that ~~is~~ if we were in fact, going to get into a lease-purchase arrangement in which we would inherit the building in 30 years' time, we needed to reach out as far as we could in terms of progressive design at the outset and I need hardly tell this committee that ^{from} my limited understanding of the situation ~~involvements~~ ^{involvements} in many aspects of the

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4:15-4:20 pm

PLG

(Mr. Sissons)

building industry, technological developments, ~~have~~ been moving rather rapidly since ~~we started our design~~ our first design was started three or four years before.

~~Mr. Shibley: Mr. Sissons, what I am leading up to is really...~~

Tape H 321 follows

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4:20-4:25 pm

C.B.

(Mr. Sissons)

~~our first design was started three or four years before~~

→ Mr. Shibley: Mr. Sissons, what I'm leading up to is really this: ^{By} November 25 your enthusiasm, I'm not just talking about you alone, but the ⁿenthusiasm of Hydro staff, from the level of the general manager down, for a lease-purchase transaction as such, and for Canada Square as a developer, had reached a level respecting which you were quite prepared to make the recommendation that you did make in your memorandum of November 25, 1971. Isn't that so?

Mr. Sissons: I think that is correct, sir. But, as I say, it did raise some very serious problems and I was also recording those.

Mr. Shibley: I realize that. But I'm wondering whether we haven't already reached the point in the evidence, Mr. Sissons, and you've sat through the evidence to date, ~~and~~ the review of the documents, ^{and} heard Mr. Gathercole's testimony and you've given evidence yourself, haven't we reached the point in this hearing where we can conclude that the staff at Hydro by the fall, and certainly by November 25 of 1971, had determined to do a lease-purchase and to do it with Canada Square?

Mr. Sissons: Sir, that is a pretty big question and ~~well~~ I'm not sure I could go that far. As I say, I would have to be concerned, anyone at Hydro would have to be concerned, about the question of how we could demonstrate that this was in fact a sound, competitive proposition. And the fact that other develop^ers had been showing an interest in this, and I recall to you that I had specifically

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C.B.

(Mr. Sissons)

~~Mr. Zwig~~ in September as I recall, seen Mr. ~~Swig~~ and had specifically instructed Mr. Candy that when the time came, if it came, to receive proposals, that Horizon would obviously be a company from whom we would receive a proposal. So that I think it is pretty sweeping to say that we had reached the position where we were determined to proceed to do a deal with Canada Square, if that was ^{your} ~~the~~ question.

Mr. Shibley: I'll put the question somewhat differently. Mr. Sissons, let me say that I think every member of this committee can probably understand and appreciate the exasperation which people in Hydro felt about the deferral of their head office building and the enthusiasm which would be commensurate, respecting any alternative that would see you go to the development of your site at an early date.

Accepting that as the premise, was it not a circumstance as of November 1971, where these factors caused Hydro staff to decide upon a lease-purchase arrangement and to be prepared to enter into that arrangement with Canada Square, subject to further negotiation with that particular company as to particular terms?

Mr. Sissons: Would that negotiation, and if I may just clarify the question, and the terms which you are asking about, would that negotiation include convincing

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C.B.

(Mr. Sissons)

proof of some kind that this was a demonstrably supportable contract? Because I think, this is what I'm trying to say. We are not in private business ^{at} Hydro; we have to, it seems to me, ~~discuss~~ demonstrate that we are entering into contracts which are desirable from the point of view of our shareholders, the power consumers, which are to their benefit; and I don't think we can simply exercise personal ~~business~~ business judgement in the broad way that I infer from your question.

Mr. Shibley: Mr. Sissons, putting it right on the table, was the subsequent communication with other developers. I'm talking about subsequent to November 25, 1971 ^{an} an exercise intended genuinely to ascertain whether some one of the other developers would proffer a better deal to Hydro, or was that an exercise.



H 322 to follow

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M.F.

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~~Chairman: Mr. MacBeth~~

~~(Mr. Shibley)~~

~~(Mr. Shibley)~~

~~or was that an exercise~~ to provide support evidence, if you like, that the agreement was ~~entered into~~ entered into with Canada Square on a competitive basis?

Mr. Sissons: Well, sir, I am not sure that I understand that question fully. We had no proposal from Canada Square at that time. We had no proposal from anyone at that time. We had been examining the basis of lease-purchasing and we had been examining it in the only place we knew how to examine it on a first-hand basis; and that ^{was} ~~was~~ with OISE and with Canada Square as the developer involved in OISE. But we had no proposals from anyone at that time, and certainly the proposals that we took from the companies who had showed interest in this were received from them in good faith and on the premise, as the chairman has emphasized, that it was a competition, and let the best man win.

In saying that, I don't disguise the fact for one minute that Mr. Candy and I were extremely enthusiastic about Canada Square. We thought they were the type of builder that could do the right job for us if we could come up with the right kind of contract, and that involved the competitive test.

Mr. Shibley: Mr. Sissons, I don't think anyone doubts that you believe that Canada Square was the right type of developer to build the right type of building for Hydro. What is a further question, however, is whether you and Mr. Candy so assisted Canada Square in the earlier stages of the exercises as to really remove any competition.

Mr. Sissons: No, sir, I think not. Certainly I didn't.

Mr. Shibley: Now in that connection you are aware that Mr. Candy liaised with Canada Square during the summer of 1971?

↓

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Mr. Sissons: Yes. He also had several meetings with other developers during the same period.

Mr. Shibley: Did he provide the same kind of information and assistance to all developers during that period of time?

Mr. Sissons: That I don't know. His discussions with all of them were general in nature as far as I am aware. I am simply trying to say that no one in my position at Hydro could possibly advocate that we enter into a ^{major} ~~major~~ transaction ~~just~~ of this ^{kind} just because we liked ~~the developer~~ the developer.

Mr. Shibley: I didn't suggest that to you. What I did suggest -- and you ^{have} ~~are~~ now confirmed ^{is} ~~that~~ that when you did exhibit 26 on November 25th the single developer that you had in mind to undertake the job on the basis you have mentioned was Canada Square.

Mr. Sissons: On the basis of salvages, yes.

Mr. Shibley: That is right. Now let's say that Canada Square come along and Mr. Candy had come along and said "Yes, we can salvage 50 per cent of these plans" your intention then was to enter into negotiations for a lease-purchase contract with Canada Square to the exclusion of any other developer?

Mr. Sissons: I thought it should be considered, but it was shot down in flames within the matter of a day or so by---

Mr. Shibley: I realize that once it hit the chairman and the Commission level, things took a different direction. I am interested in knowing what was the thinking at the level of the general ^{manager} ~~manager~~ on down, and I put it to you again as at November 25th you were prepared to kick the traces over in terms of competition if doing it with Canada Square was going to ~~salvage~~ salvage part of your plans?

Mr. Sissons: Well, that is one way of putting it. I thought it should be considered.

Mr. Shibley: Well, weren't you recommending it?

Mr. Sissons: I don't find the word "recommend" in there anywhere.

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M.F.

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Mr. Shibley: Well, would you have voted for it?

Mr. Sissons: I think perhaps I would have, yes.

Mr. Shibley: And Mr. Candy would have also?

Mr. Sissons: I can't speak for Mr. Candy.

~~Mr. Shibley: You don't have any ---~~

Tape H - 323 follows

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(Mr. Sissons)

~~Perhaps I wouldn't yes.~~

~~MR. Shibley: And Mr. Candy would have also.~~

~~Mr. Sissons: I can't speak for MR. Candy.~~

Mr. Shibley: You don't have any information or instinct for what he might have done?

Mr. Sissons: ^{None whatsoever.} I am not sure how realistic he would have felt this to be.

Mr. Shibley: When was it ascertained that there could be no salvage of the original plans?

Mr. Sissons: ^{well} that ^{word} "ascertained" is a pretty ^{within} broad one. It was decided ^{the} the next day or two. I ^{think} we had a ^{discussion} ~~discussion~~ with the chairman and general manager, and perhaps others; I am not certain exactly who was involved. But the difficulties that I had pointed out were deemed to be insurmountable. I think ~~that~~ as I say, that other people felt that it was unrealistic, the stage at which we had reached, to really salvage enough from the plans to be worth doing this. The thinking was that we were really looking at a new kind of a concept to the building. So I would say that was in the next day or so, the next very few days.

Mr. Shibley: Mr. Sissons, I noted from one of your diary entries on November 25 you had a meeting with Fairview, did you not?

Mr. Sissons: Does it say what time of day that was sir?

~~Mr. Shibley: I am not sure.~~

Mr. Chairman: What exhibit number is that, do you know?

Mr. Shibley: ~~I am not sure.~~ ^{And I am not going to exhibit it.} It ^{could} be 530 or 630, and it is your handwriting. It looks like "Fairview conference, Sutton Place."

Mr. Sissons: Yes, they were having a... I don't want to get into this question of entertainment here, but they were having a...

Mr. Shibley: Everybody else has, so why shouldn't you?

Mr. Bullbrook: And they will in the future too.

Mr. Renwick: ^{We had the best} ~~the best~~ party yourselves, ~~2200~~

H-323-2

Mr. Chairman: We'll need a ^aparty when this is over.

Mr. Sissons: As I said yesterday, Fairview are very good people. They were having, as I recall it, a reception in respect to, I think really the presenting of the key or the cutting of the ribbon, or something at any rate, to commemorate the opening of their 77 Bloor Street building in which we were the major tenants. A number of us were invited to that reception.

Mr. Shibley: ~~That~~ I see. So it had nothing to do with ~~the~~ a meeting?

Mr. Sissons: Nothing to do with this at all.

Mr. Shibley: All right. And yesterday I asked you about Olympia. I want to produce to you a letter dated June 8, 1972 from ~~and York Developments~~ Olympia ~~to~~ to Mr. John Ross, of Crown Trust, a copy of which I gather went to you. Is that correct?

Mr. Sissons: Yes. I think so, I was wondering what the other person ~~was~~ ~~was~~.

Mr. ~~Shibley~~ ^{Shibley}: And is that ~~there~~ your handwritten note at the top of the page?

Mr. Sissons: This is one of these indistinct copies that we produced at Hydro. I think maybe I can get it. Oh, this is the original, is it? Yes it ~~is~~ ^{is}. It bears my initials.

Mr. Shibley: May we have that made the next ~~exhibit~~ ^{exhibit} Mr. Chairman?

Mr. Chairman: I believe 138.

Mr. Shibley: We'll wait for Mr. Bullbrook to get his copy.

Mr. Bullbrook: That should be the... Would you believe, 138?

Mr. Shibley: Would you read your memorandum?

Mr. Sissons: My note?

Mr. Shibley: Yes.

Mr. Sissons: "Advised Ross not likely we would be interested ⁱⁿ such a diversified developer for this custom job, especially one with which" - "with whom" that should ^{be,} I guess - "we ^(the) have had such unsatisfactory rental experience in Global Building, June 19, 1972".

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CA

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Mr. Shibley: So that as ^{late} ~~was~~ as that date, ^{being} June 8, 1972, Fairview were still ^{expressing} ~~expressing~~ interest in doing this development for you, were they?

Mr. Sissons: No, this was Olympia.

Mr. Shibley: I'm sorry, Olympia was. Yes.

Mr. Sissons: Not still. Really for the first time as I recall it, since they had been in, probably in 1968, to talk about doing it for us when we were doing our original design.

Mr. Shibley: I see.

Mr. Sissons: They had not approached us in the meantime, and I think I indicated yesterday there was..

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M.T.

Mr. Sissons: They had not approached us in the meantime,

and I think I indicated yesterday, there was a reason why we had not approached them.

Mr. Shibley: All right. So that —

Mr. Sissons: And that reason is confirmed in the hand-written note on this letter and I advised Mr. Ross that he might pass that reason on to Olympia and York, or not, as he saw fit.

Mr. Shibley: Mr. Sissons, I want to produce to you exhibit 37, dated January 25, 1972, which is a letter from Safrance to yourself. Do you recognize that letter?

Mr. Sissons: Yes, I do.

Mr. Shibley: Do I take it from this letter that you were directly involved in matters pertaining to financing this head office building?

Mr. Sissons: No, sir, what had happened here was that — I have to be sure of my dates here, and I'm not sure that I am —
Mr. Banks, our former assistant general manager of finance, for whom Safrance had worked, or on whose staff he had worked before he left Hydro, had had various conversations with Safrance. I think there are other exhibits in here in connection with that; I don't recall them exactly. And Safrance had called on him on one or more occasions and in Banks' absence was pursuing the letter with me.

Mr. Shibley: Did Mr. Safrance actually meet with you?

Mr. Sissons: Yes, he did.

Mr. Shibley: And I gather again, from a diary note that he met with you on January 25, 1972?

Mr. Sissons: Yes, it says so in this letter.

Mr. Shibley: It says "based on discussion," but that was a personal meeting, type discussion?

Mr. Sissons: Yes.

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M.T.

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Mr. Shibley: Yes, and did you then review with Mr. Safrance, in depth, the limitations, if any, which affected Hydro's ability to borrow this kind of money on this basis?

Mr. Sissons: I am not sure that I understand that.

Mr. Shibley: Well, you have heard the evidence, documentary innature, which suggests that there is a limitation or ~~no more~~ prohibition on Hydro's ability to ~~use~~ ^{borrow} money on these terms.

Mr. Sissons: Yes, ~~yes~~

Mr. Shibley: Was that the subject of any part of your discussion with Mr. Safrance?

Mr. Sissons: I don't know, frankly, whether I sort of poured cold water on him on that basis or not at that particular meeting. I think I probably did tell him somewhere along the line that we were interested in an integrated development if we could ~~find~~ find one where the total responsibility ~~of~~ ^{for} the project would be in the hands of one party.

Mr. Shibley: I notice in this letter to you, he says, "It is possible that you might wish us to make these funds available to the developer, should a lease-back proposal be accented". Now does that comment by Mr. Safrance emanate from some discussion you had with him ~~at~~ on that occasion?

Mr. Sissons: Yes, I think that was discussed.

Mr. Shibley: And would you please give us particulars of that discussion?

Mr. Sissons: Well, as I say, I think I told him that we ~~were~~ seemed to be heading in the direction, and as a matter of fact we had proposals in hand at that very time, as I recall, of a lease-purchase arrangement in which the total responsibility ~~for~~ ^{for} the ~~&~~ development would be in the hands of one party. We saw some real advantages to an integrated approach of this sort, and that it didn't look to me, at that time, as though we were going to be interested in independent financing via Hydro or via some other vehicle and -

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Chairman: Mr. MacBeth

(Mr. Shibley;

Did you disclose to him the developers with whom you were dealing at that time?

Mr. Sissons: No, sir, I wouldn't have done that, I don't think.

Mr. Shibley: Do you know whether any one of the developers was in communication with Safrance, or vice-versa, respecting finances for this building?

Mr. Sissons: Well, I am not sure of my time frame here, this may have happened later on.

Mr. Shibley: Well, what is your information, if any?

Mr. Sissons: I don't think I have any on that precise point.

Mr. Shibley: In particular, do you have any knowledge or information as to whether Safrance participated in providing financing to Canada Square for your head office building?

Mr. Sissons: No, I don't have any direct information on that.

Mr. Shibley: And while I am asking you, can I, through you, have indicated that no one within Hydro has any information as to that?

Mr. Sissons: I can't confirm that at this moment, sir.

Shibley: Because I don't want any ~~inference~~ inference taken from my having put the question to you, Mr. Sissons. I would like the situation clarified immediately.

Mr. Sissons: Yes, well I think that is something that I would like to -----

Mr. Shibley: This is a convenient time for a break, Mr. Chairman.

Mr. Sissons: If think if you have a document, a memorandum by Mr. Nastich prepared for you to use, Mr. Chairman, setting out his subsequent discussions with Safrance.

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Mr. Shibley: Yes, I have that.

Mr. Chairman: Mr. Renwick, will your questions follow the break just as well?

Mr. Renwick: They certainly will if Mr. Shibley is not finished. I would only fill in if Mr. Shibley missed a ~~few~~ point.

Tape H 326 follows

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M.R.

Mr. Chairman: I CALL THE COMMITTEE

to order. Mr. Genest, I don't want to do anything to encourage you but the Hansard ^{people} say that when you are interrupting they don't get your words on the tape. Now, as I say, I don't want to encourage you but if you are going to interrupt, interrupt in a louder voice.

Mr. Genest: Thank you, Mr. Chairman. I'll do that.

Mr. Chairman: Mr. Shibley:

Mr. Shibley: Mr. Sissons, I had been examining you with respect to your communications with ^{SAFRANCE} ~~Sufrance~~ and the last question I put to you was whether there was any information available through anyone in Hydro that ^{SAFRANCE} ~~Sufrance~~ in any way participated in providing financing to ~~Atlantic~~ ~~the~~ Canada Square for the new head office ~~of~~ building of Hydro?

Mr. Sissons: Well, I'm just reading here from a note that I've seen for the first time from Mr. Nastich entitled, "Notes for Counsel". And just reading part of that, it says, ~~that~~ "Following the announcement of Canada Square as the developer, Mr. Nastich asked Mr. Sissons to see that Canada Square were informed of the proposal of Mr. ^{SAFRANCE} ~~Sufrance~~ and he had been discussing this on an on-going basis with ^a ~~Su~~france, I guess.

And that "I later informed Mr. Nastich that I had asked Mr. Candy to do so."

Mr. Shibley: Does that refresh your memory?

Mr. Sissons: Yes.

Mr. Shibley: And did you tell Mr. Candy to communicate to Canada Square the possibility of ^a ~~Su~~france providing a source of funds?

Mr. Sissons: Well, it says here that "I ^{later} informed Mr. ^{NASTICH} ~~Nastich~~ that I had asked Mr. Candy to do so" and I think that is correct.

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Mr. Shibley: I see. Now, presuming upon the communication of the ^{SAFRANCE} ~~SAFRANCE~~ offer to Canada Square, do you have any information that the financing which Canada Square has arranged—I'm talking now about the permanent financing—^a ~~SAFRANCE~~ ^{SAFRANCE} emanates from ~~SAFRANCE~~?

Mr. Sissons: No, I know nothing whatever about the financing relative to this contract.

Mr. Shibley: Is there any information available to any one in Hydro in that respect?

Mr. Sissons: As regards the financing?

Mr. Shibley: Yes.

Mr. Sissons: Well, I think you would have to ask some other witness.

Mr. Shibley: No. As regards ^{SAFRANCE} ~~SAFRANCE~~ participating in the permanent financing?

Mr. Sissons: Well, I know of no such information.

Mr. Genest: I have no information, Mr. Shibley. ~~I don't think anybody at Hydro knows whether Mr. ^{SAFRANCE} ~~SAFRANCE~~ and Mr. Moog were in touch, or Canada Square were in touch with regard—~~

Mr. Shibley: Mr. Moog, I see that you might be willing to clear this up immediately, and I'd like it cleared up immediately. Do you have something to say?

Mr. Moog: I don't know Mr. ^{SAFRANCE} ~~SAFRANCE~~ at all.

Mr. Chairman: Mr. Moog, if you are going to come forward I wonder if you would come and use the microphone.

Mr. Moog: Mr. Chairman, Gentlemen, I don't know Mr. ^{SAFRANCE} ~~SAFRANCE~~ at all. I never met him. We have been getting lots of inquiries from lots of people all the time. I usually don't even answer them myself because we do all our financing ourselves. We emanate them ourselves, we negotiate all financing ourselves. I personally usually deal with the top executives of the institution in order to save fees and other costs.

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Mr. Shibley: All right.

Mr. Moog: So there is no question about that. I have heard, and this is hearsay, that a certain firm ^{SAF RANCE} and it could have been ~~Saf Rance~~ was trying to approach us with a source ~~of~~ of funds which is unavailable to Canada on this project and namely those from Equitable Life.

We have dealt with Equitable Life and I believe people have checked on our last transaction how we financed the OISE building, and they thought they perhaps could then make a deal excepting that Equitable Life can't participate in Canada anymore because they have a withholding tax problem. And this might clear up this problem.

Mr. Shibley: Thank you very much, Mr. Moog.

Mr. Chairman: We expect to be hearing from you later, ~~and~~ we'll give you ^{an oath} ~~a promise~~ at that time ^{and} make it retroactive.

Mr. Moog: Right.

Mr. Shibley: I wonder why the chairman presumes upon that. All right, Mr. Sissons, I want next to take you to the report of February 1 —

Mr. Renwick: Mr. Chairman, just one question on the ^{SAF RANCE} ~~Saf Rance~~ matter. Did Mr. ^{SAF RANCE} ~~Saf Rance~~ tell you the source of his funds during the course of your discussions with him, Mr. Sissons?

Mr. Sissons: There were some exhibits on that, I think. I haven't them before me but I think ^{he} ~~you~~ mentioned ^{Wiser} ~~Wiser~~ —

Mr. Renwick: Mr. Chairman, I don't recall, perhaps Mr. Shibley could help me. I don't think there is any indication as to the source of funds.

Mr. Sissons: In any event, I think I can say from my own recollection he mentioned Wisener and Partners and Merrill Lynch.

Mr. Shibley: Yes, he did. They are in their documents.

Mr. Sissons: And as I recall he had someone from

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(Mr. Sissons)

Wisener with him on the occasion when he visited me.

Mr. Renwick: Well, I was referring more, Mr. ^{SAFRANCE'S} Chairman, to the reference in Mr. ~~SAFRANCE'S~~ correspondence to a single insurance source.

Mr. Sissons: No, sir, that was one of the things that kind of puzzled me. He had always referred to having this source of funds

XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

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Mr. Sissons: No, sir, that was one of things that kind of ~~Kenneth~~ puzzled me. He had always referred to having this source of funds. To my knowledge he never referred to the exact origin of those funds.

Mr. Genest: Mr. Renwick, ~~Mr. Renwick, I am told by Mr. Nastich~~
~~I am told by Mr. Nastich~~ I am told by Mr. Nastich that in his conversation with Mr. Safrance, his source was not disclosed, ~~and the identity of~~ the American Insurance Company in question, ~~it~~ was not disclosed.

Mr. Shibley: That would be usual for

Mr. Bullbrook: A very normal procedure, very normal.

Mr. Shibley: ~~Mr. Shibley~~ person acting as a finder.

Mr. Sissons: Yes, I am not suggesting that there was anything ~~the~~ abnormal about it, but in all of his representations Mr. Safrance was a finder ^{or an agent} or whatever you want to call it ~~and~~ and he did not disclose the source of his funds ~~to me~~.

Mr. Shibley: I would like to produce to you exhibit 62, dated February 1, 1972. It appears to be a report of Mr. Candy to Mr. Gathercole evaluating the four developers who had submitted proposals, and I direct your attention to page 10 of that exhibit, the last page, and the second last paragraph wherein.

Mr. Sissons: Sir, the numbers aren't visible on it. This is the last page?

Mr. Shibley: The very last page, Mr. Sissons.

Mr. Sissons: The very last page.

Mr. Shibley: The second last ~~the~~ paragraph.

Mr. Sissons: Right.

Mr. Shibley: "The submission by Canada Square Corporation included a set of design drawings for a curved building of a high ~~in~~ quality which would enhance the corporate image of Ontario Hydro, whereas it is very doubtful that the low figure of \$26 ~~per~~ per square foot submitted by Ellis-Don Limited is sufficient to provide a building of a character and quality required for our purpose on this very important and prominent

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(Mr. Shibley)

site." Now, then, Mr. Sissons, was it not a fact that the other developers were asked not to submit drawings?

Mr. Sissons: It was a fact that all developers were asked not to submit drawings, as I understood it.

Mr. Shibley: That's right, and they were in fact told that their proposals should be in summary form?

Mr. Sissons: This was not an architectural submission.

Mr. Shibley: That's right. This was done as much at your instance as at the instance of Mr. Candy, was it not?

Mr. Sissons: I think so. We wished to be under no obligation to ~~anybody~~ anybody with respect to ~~their~~ an investment in architectural work.

Mr. Shibley: Now, then, how did it come to pass that Canada Square did submit design drawings?

Mr. Sissons: Well, I don't think I can answer that question. It certainly wasn't because they were requested to.

Mr. Shibley: Were you not, as of February, 1972, aware that Mr. Candy had provided the earlier drawings to Canada Square?

Mr. Sissons: Yes, I was.

Mr. Shibley: Was Mr. Candy in communication with the architectural people in Canada Square during the summer and fall of 1971?

Mr. Sissons: Well, I think perhaps Mr. Candy could be of direct assistance to you on that point. I am not sure just to what extent he was in touch with anybody on the architectural level.

Mr. Shibley: I am interested in what was your information as at February 1, 1972.

Mr. Sissons: My understanding was that architectural features, as such, were not being considered at that stage.

Mr. Shibley: No, I am asking you what your information was as of February 1, 1972, respecting the assistance, if any, which Mr. Candy had afforded to Canada Square in working

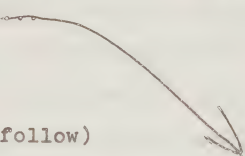
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up design drawings.

Mr. Sissons: Well, I don't think I had any information about that because, as I understood it, no drawings were to be involved in the submissions, and of course I need hardly remind you that this concept that is referred to here bore no relationship really to the previous design, but I understand you intend to call evidence on that later.

Mr. Shibley: Mr. Sissons, a lease-purchase was a new concept to you, ~~and~~ Did you consider that you and the other people in Hydro had the



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(Mr. Shibley)

~~new concept to you, and did you ~~in~~ consider that you and the~~
~~other people in Hyrdro had the capability to evaluate the terms~~
of a lease-purchase agreement?

Mr. Sissons: I think so, I have never had any reason to have any doubts about the capability and versatility of our financial people. We maintain a significant ~~staff~~ financial staff and they make major evaluations of a wide variety of things, including nuclear plants and heaven knows what all.

Mr. Shibley: Including the commercial aspects of the plan that you now envisaged for the new head office building?

Mr. Sissons: When you say the commercial aspects, you are thinking of the possible earning power and so ~~in~~ forth of the commercial ^{al} area on the ground ~~and~~ floor?

Mr. Shibley: Yes.

Mr. Sissons: Yes. No, I had some concern about that, I didn't feel that that was an area in which we really had a great deal of insight.

Mr. Shibley: Did you seek any expertise in that respect, outside advice?

Mr. Sissons: No we didn't.

Mr. Shibley: Was it offered to you?

Mr. Sissons: Yes, we had one offer from a firm, Magyar I think their name was, whom I didn't know, whose credentials I don't really know much about, And, as I recall it, I suggested to Mr. Nastich that we might think about this in the commercial area, because I wasn't at all sure how we stood in relation to our own ability to assess the commercial area. I think I wasn't clear, either, as to whether Mr. Magyar had any particular expertise ~~in~~ in there or whether he was largely in the office planning area.

Mr. Shibley: Well, did he not ~~in~~ in his letter to you of March 8, 1972, advise you that he was retained by Sun Oil Company Limited?

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(Mr. Genest: Mr. Shibley, could the witness, if you are referring ~~to~~ the witness to a document, may I suggest ~~a~~ respectfully, that the document be placed in front of the witness?

Mr. Shibley: I haven't yet confronted him with a document, Mr. Genest.

Mr. Genest: No, what I suggest is that it's not fair to ask questions of a document which you have in front of you when the witness doesn't have it with respect.

Mr. Shibley: If I were going to confront him with the document then he should be shown it prior to the confrontation. I am using it as a source of information at the moment, Mr. Genest, but if you feel that your witness would be more comfortable with the document in front of him, I will have produced as the next exhibit a letter from Technical Economists/Limited dated March 8, 1972.

Mr. Chairman: 139.

Mr. Shibley: I had hoped to ~~to~~ avoid exhibiting —

Mr. Genest: Oh I'm sorry, ~~Have I created another exhibit?~~

Mr. Sissons: I have some recollection of this letter, but —

Mr. Shibley: Yes, I knew you did.

Mr. Sissons: I don't know that I could have remembered what was in it.

Mr. Shibley: 130?

Mr. Chairman: 139.

Mr. Shibley: And the next exhibit will be your answer to that letter dated March 17, 1972.

Mr. Chairman: 140.

Mr. Shibley: He gives his references, does he not, in his letter to you of March 8?

Mr. Sissons: Yes, I was trying to identify any comment about commercial experience.

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Mr. Shibley: Well, the comment really is on your answer—

Mr. Sissons: Yes.

Mr. Shibley:—on which you appear to have had a note typed at the bottom. That is your dictated note, is it not?

Mr. Sissons: Yes.

Mr. ~~Shak~~ Shibley: And you say, "I am not at all clear as to where we really stand in our ability to judge the commercial aspects of this project, and specifically the relationship of the shopping and other commercial areas to the financing of the whole. Could we review early in April?" That's an accurate reflection of your mental posture as of March 17.

Mr. Sissons: Yes. Yes, that's correct. The point is I don't think that Mr. Magyar had indicated that he had any particular expertise in the commercial area, but this had raised the question in my mind as to whether we might consider trying to find such expertise.

~~Mr. Shibley: Now Mr. Sissons....~~

Tape H-329 follows

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(Mr. Sissons)

~~Mr. Shibley: Now, Mr. Sissons, Exhibit 67 is a very comprehensive report, dated April 10, 1972, compiled by Mr. Candy and Mr. Mink. Are you familiar with that document?~~

Mr. Sissons: Yes, indeed.

Mr. Shibley: And are you familiar with the ^Circumstances of it having been prepared?

Mr. Sissons: Yes.

Mr. Shibley: What brought about ^{its} preparation, and what was the purpose of this document?

Mr. Sissons: This was an attempt ~~to~~ more than an attempt, I think it was a project ^{to} make a definitive analysis of this whole situation which would hopefully lead to a basis for a formal recommendation to the commission.

Mr. Shibley: I'm not going to take you through this in detail, but I want to take you to page 28 of the exhibit, styled, Qualitative Assessment; wherein it stated;

~~xxxxxxconsideredxxxxxxx~~"It would be our considered opinion that Canada Square Corporation would best meet the requirements specified."

And then on the next page it reviews the submissions of the other three developers, and then it gives criteria for selection on page 30.

Did you assist in the compilation of this document in any sense?

Sissons:

Mr. Shibley: No, I did not.

Mr. Shibley: Did you review it before it was sent further?

Mr. Sissons: I don't think I reviewed it in its draft form, no.

Mr. Shibley: Did you review it after it was compiled on April 10?

Mr. Sissons: Yes.

Mr. Shibley: When did you first review it?

Mr. Sissons: Well I couldn't answer that exactly; ^{it was} shortly thereafter.

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Mr. Shibley: You had a meeting with Mr. Gordon on April did you not?

Mr. Sissons: We had one somewhere. I'm not certain about that date.

Mr. Shibley: It is in your diary.

Mr. Sissons: What is the entry?

Mr. Shibley: The note seems to say "Nastich, Sissons, Candy and D. Gordon - 2:30."

Mr. Sissons: Yes, that might well have been to review this report. I don't know.

Mr. Shibley: Yes. I am informed that Mr. Gordon did not attend the meeting.

Mr. Sissons: No.

Mr. Shibley: But your note indicates that Mr. Nastich and Mr. Sissons and Mr. Candy were to meet, ~~was~~.

Mr. Sissons: Yes, I think that's ^{correct} I think, I hope, I wish

....

Mr. Shibley: Was the purpose of that meeting to review the April 10 submission?

Mr. Sissons: I would have to verify that. I don't know for sure. ^{It seems} ~~it seems~~ quite likely that it was.

Mr. Shibley: Can we then take it that you and Mr. Nastich who were not signatories to this document, nevertheless concurred in the recommendations and conclusions ~~of~~ outlined in it?

Mr. Sissons: Yes, I think that is essentially correct.

Mr. Shibley: I might tell you, Mr. Sissons, that another diary entry is one of May 19, 1972, indicating a meeting with Don Smith of Ellis-Don at 12 o'clock on that date. Did you have such a meeting on that date?

Mr. Sissons: I think I am in trouble with my extramural activities again. I think that was at lunch up at Victoria College and that it was in connection with some building problems of that institution, in which I ^{thought} ~~thought~~ that Ellis-Don might be interested. ~~and~~ I believe again I had involved Mr. Candy on a personal basis ~~in~~ suggesting who as a builder might

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(Mr. Sissons)

~~I have informed Mr. Candy on a basis in suggesting the~~
~~committee might~~ look at these problems for us, and
give us some advice in connection with them. ^{THIS} had
nothing to do with Hydro.

Mr. Shibley: I notice that it has Mr. Candy
and Mr. Smith's names there, and it was produced as irrelevant. ^{Is THERE}
part of your diary...

Mr. Sissons: Is there a Mr. Stokes' name there
too?

Mr. Shibley: Mr. Stokes' name is there.

Mr. Sissons: Stokes was the ^{BURSAR OF VICTORIA COLLEGE} ~~business manager~~
business manager I mean.

Mr. Shibley: So I take it that that is not
relevant?

Mr. Sissons: Yes, that's correct.

Mr. Shibley: All right, thank you.

Mr. Sissons: I thought it might be felt to be
relevant because of the name of that company.

Mr. Shibley: Mr. Sissons, I want to produce
to you a memorandum dated April 13, 1972, ~~the~~ which I
ask be made the next exhibit.

Mr. Chairman: Exhibit 141.

Mr. Shibley: This is a memorandum from Mr.
Mink to Mr. Nastich, but it appears that copies were
sent to each of you and Mr. Candy. Is that correct?

Mr. Sissons: Yes.

Mr. Shibley: It references your April 11, 1972,
^e meeting, ^e It says, "Attached please find the additional
information requested during the meeting of April 11."

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C.B.

(Mr. Shibley)

That's the meeting that was diaried for you.

Is that correct?

Mr. Sissons: Yes, it must be.

Mr. Shibley: And the information that's attached is a schedule showing "Cost Variance; Public Tendering vs Single Developer." Is that correct?

Mr. Sissons: Yes, that's what I have here.

Mr. Shibley: And certain assumptions are set out, and certain conclusions reached on the basis of those assumptions. Is that correct?

Mr. Sissons: Yes.

Mr Shibley: I'm not going to review this with you. It is Mr. Mink's document. But I am interested in reviewing with you the second paragraph on the face page of that exhibit, wherein it states in the last two sentences. "It is likely that the composite financing cost to Canada Square will be nearer to eight per cent than the originally quote rate of seven per cent. They have indicated that there would be no ~~adjustment~~ adjustment to their quoted rental rate (\$4.92) if their financing cost would increase."

Mr. Sissons, was this a significant fact in terms of Hydro's evaluation of the various proposals?

Mr. Sissons: Yes, it was. I don't know that it was covered in the April 10 report. But, as I mentioned earlier, one of the things we were concerned with was ^{THAT} there was already a significant upward movement in financing costs, and I think it is fair

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C.B.

(Mr. Sissons)

to say that we were very much concerned with knowing what we had in the way of security of financing rate, of interest rate, and I think that Mr. Candy had told me before I saw this memorandum that he understood that Canada Square's rate was firm regardless of any upward movement in the financing rates.

Mr. Shibley: Yes, I compare that, for purposes of the committee, with exhibit 68, which is a letter from Ellis-Don Limited, ~~dated April 11, 1972~~, dated April 11, 1972, which is almost the same time, which refers to the increase in interest rates by five-eighths of one per cent, and indicating that Ellis-Don "have not calculated a cost per ^{SQUARE} foot on these new interest rates but I will put them into a letter to you this afternoon and forward it to you."

And a handwritten note of a calculation of \$19 cents per square foot. Was that the calculation?

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Chairman: Mr. MacBeth

(Mr. Shibley)

~~and a hand-written note of a calculation of 19 cents per square foot, was that the calculation~~ of the increased cost of the Ellis-Don proposal, should they build in the additional interest cost to them?

Mr. Sissons: I assume so, I don't know who made that calculation.

Mr. Shibley: Can this committee properly take it that the other developers were still proceeding on the basis of a variable, namely, if interest rates varied, their charge for rental under the lease-purchase was going to vary?

Mr. Sissons: I think that is so ~~and~~ Specifically in connection with Y and R there was another factor; as I recall it, they asked for a 10-year re-opener in the financing rate, that is, they would be financing on what I would call a relatively short term — 10 years — and they would want the right to up the rate every 10 years if they had to refinance at higher rates.

Mr. Shibley: So that, returning to what is now exhibit 141, it would be highly significant that Canada Square were committing at those rental rates for the whole 30 years, regardless of any variable as to interest charges?

Mr. Sissons: Well, I thought so. As I say, I am not a financial man, but that seems significant to me.

Mr. Shibley: Was there any instruction issued to ascertain whether any one of the other three developers would similarly go firm on the rental rate proposed by them and which were analysed in the April 10 memorandum?

Mr. Sissons: I don't know that there was. We had, of course, as you pointed out, currently revised upward quotations ~~in~~ ^{from} Ellis-Don's so that was something that had already taken place. It placed them at a much higher level.

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Mr. Shibley: Yes. That was volunteered by them?

Mr. Sissons: Yes.

Mr. Shibley: Was there ever any follow-through with Horizon as to whether they were prepared to go firm on their rental rate for the whole 30-year term of the lease?

Mr. Sissons: Perhaps someone else would have to answer that question.

Mr. Shibley: You can't answer that?

Mr. Genest: I think I can assist. I have been instructed by Mr. Mink that the question was raised with Horizon and they were not prepared to commit for 30 years.

Mr. Shibley: They were not?

Mr. Genest: They were not.

Mr. Shibley: Can you assist us further ^{as} to what term they would go firm on?

Mr. Genest: Well, it was ^{not} specified but it was not for the whole 30 years.

Mr. Shibley: Would the same answer obtain respecting ^{and} Yolles ~~Rotenberg~~?

Mr. Sissons: They submitted on that basis.

Mr. Genest: Yolles ^{and} ~~Rotenberg~~ said they would have to review it every 10 years.

Mr. Shibley: I know that was in their proposal. Was there any follow-through with them as to whether they might vary from that?

Mr. Genest: I have no information on that.

Mr. Chairman: Mr. Shibley, ^{have} I hesitated to interrupt your examination but there is a vote going on in the House and I have been given the signal that it is momentary. Does the committee think it will be worthwhile coming back here?

Mr. Bullbrook: Why is it not worthwhile?

Mr. W. Newman: Well, we will be 15 minutes before the vote is counted.

Mr. Bullbrook: Well, let's not go up then.

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M.F.

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Mr. Chairman: They have given me the signal
that they are waiting for us.

Mr. Renwick: We will be back in 10 minutes.

Mr. Chairman: I am sorry but duty calls. We will
be hopefully back in 10 minutes and ~~we~~ are adjourned until
that time.

Tape H - 332 follows

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R.E.S.

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committee
The/resumed at 5.4⁸ o'clock, p.m.

MR. Chairman: I ^{back} call the meeting/to order. ^{and} ask

Mr. Shibley to proceed.

Mr. Shibley: Mr. Sissons, the next document I want to ~~1~~

Mr. Bullbrook: Excuse me, sir, if you would, do you mind pursuing with the witness possibly whether he had any discussions with Mr. Candy as to the position taken by Canada Square; that is, that they were firm for 30 years.

Mr. Shibley: Yes, thank you. You've heard Mr. Bullbrook's question, Mr. Sissons.

MR. Sissons: Yes, well, I think I mentioned that I recall Mr. Candy's advising me of this at some stage; ~~and~~ I don't know whether it ~~was~~ was in the meeting that we had ~~which~~ which immediately ~~preceded~~ preceded this memorandum ~~on~~ Mink's or just when it was.

Mr. Bullbrook: Would you permit me, Mr. Shibley? I'm sorry.

Mr. Shibley: Yes.

Mr. Bullbrook: I just want, I, as a lay person in connection with the field of high finance and under your own admission, ^{really} this isn't, I ~~think~~ think, your ~~...~~

Mr. Sissons: We're in it together.

Mr. Bullbrook: You're in it together.

I was wondering if, in the circumstances, you thought to ask, or did it occur to you to discuss with Mr. Candy how Canada Square could ^{effect} ~~such~~ such, almost, financial legerdemain when the other ~~and~~ and I don't mean that in any nasty ^{way} ~~I~~ I should retract that; I didn't mean any malfeasance or inference of that, but, how the other proposers could not manage to give firm quotations, ⁱⁿ ~~have~~ have regard to the fluctuation in interest rates. ^{am} ~~I wonder~~ ^{ing} if you had any discussion with Mr. Candy as to how Canada Square could do that.

Mr. Sissons: NO, I don't think I did specifically; I think I felt that was something for our financial people to take a really hard look at.

June 7/73
5.45 - 5.50 p.m.
R.E.S.

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Mr. Shibley: I might say, Mr. Bullbrook, I also intend to enquire of the financial people whether they made any follow-up with the other developers ^{re} inspecting going firm for a term of 30 years, as Canada Square appears to have done sometime in April, 1972.

Mr. Bullbrook: ^{No.} I'm quite sure that you will be going to pursue this quite vigorously, ~~but~~ I just wondered if there was any discussion between those two principals ^{also} at the time.

Mr. Shibley: I direct your attention to Exhibit 70, ^{Mr. Sissons,} dated June 6, 1972. This records a meeting on June 5 with yourself, Mr. ~~Durand~~ Durand, Mr. Gordon, Mr. ~~Mink~~ Mink. It ^{was} prepared, I would take it, by Mr. Candy, and in respect of this document, I take it that you participated in discussions reflected by its content. Is that correct?

Mr. Sissons: Yes.

Mr. Shibley: On page 2 of that document, reference is made to recommending a developer, and in doing so ^{"state"} ~~states~~ the following reasons for our selection", and the term:

"His past experience in carrying out similar projects on a lease purchase ..."

(TApe H-333 - 1 follows)

June 7, 1973
5.50-5.55p.m.
B.A.

(Mr. Shibley)

~~stated~~ the following reasons for our selection. and] His
past experience in carrying out similar projects on a lease-purchase
agreement; his past ^{experience} ~~experience~~ in managing large buildings; his
record of satisfaction to previous clients; his type of operation
and ^epotential in the field of design and construction, including
the personal attention we hope to attain by reason of restricting
his development to a single project at one time. ^{??}

Mr. Sissons is the reference to "his" in that document
a reference to Canada Square?

Mr. Sissons: That is the case, yes.

Mr. Shibley: So that at the meeting of the people listed
in that memorandum it was Canada Square which was under
discussion and towards which this memorandum is directed. Is
that ~~correct~~ correct?

Mr. Sissons: That is correct.

Mr. Shibley: And the first paragraph of the same
memorandum contains the phrase, "at which time it was decided
that a memorandum should be prepared for commission approval,
justifying the requirement for a new head office building, and
recommending an appropriate developer to carry out this
project, including the design, construction, financing and
maintenance of the building." Was that the meeting at which
it was decided that a memorandum which ultimately became the
memorandum of June 23, 1972, was taken?

Mr. Sissons: Yes, I think so.

Mr. Shibley: So that, as of early June, ~~it was decided~~
I take it, ~~by those attending this meeting, that when the submission was~~ it was intended
by those attending this ~~meeting~~ meeting, that when the submission was
compiled ^efor submission to the commission, the developer to be
recommended was Canada Square.

Mr. Sissons: Yes.

↓

H-333-2

June 7, 1973
5.50-5.55p.m.
B.A.

Mr. Shibley: Now, in the exhibit, in the June 23 memorandum, ^{which} ~~the~~ is exhibit 74, was ~~the~~

~~there~~ any indication in that memorandum that any fluctuation in the interest cost to it would not affect the rental rate proposed by it?

Mr. Sissons: I don't recall that there was, but the rate that we were stating in this memorandum was a ^{term} ~~firm~~ rate. That is, the

Mr. Shibley: Conversely, was there any indication in the memorandum that variance in interest costs to the other developers might effect a change of rental rate?

Mr. Sissons: No, I think perhaps that was. I haven't reviewed this memorandum carefully, but as I recall those factors were not mentioned and I think they might have been.

Mr. Shibley: So that the material that came on before the commission at its meeting of June 29, 1972, was not material which reflected that sort of information?

Mr. Sissons: I don't think that was so. We certainly were putting forward the rental rate proposed by Canada Square as a firm rental rate.

Mr. Shibley: I produce to you what is now Exhibit 75, dated June 26, 1972, which is a memorandum of Mr. Nastich to yourself. Do you recognize that document?

(Tape H-334 follows)

June 7, 1973
5.55-6.00 p.m.
M.F.

H - 334 - 1

Chairman: Mr. MacBeth

~~(Mr. Shibley)~~

~~which is a memorandum of Mr. Nastich to yourself. Do you recognize that document?~~

Mr. Sissons: Yes.

Mr. Shibley: You will notice in paragraph 3 of that document he states:-

"The lowest evaluated cost is with Horizon Developments although not by much."

Can we substantiate the qualitative line of reasons for choosing Canada Square?"

Just stopping there, I gather by qualitative reasons ^{does} he ~~is~~ not have in contemplation the sort of reason which would emanate from a change in rental rate based upon a change in interest costs?

Mr. Sissons: Well, I wouldn't have thought so although, of course, a change in interest costs is a speculative matter.

Mr. Shibley: He is talking about a qualitative line of reason. In other words, "Canada Square is a better developer for our particular purposes."

Mr. Sissons: I assume that ^{was} ~~is~~ his meaning, yes.

Mr. Shibley: And that was the ^{area in} ~~area in~~ which he was seeking to justify choosing Canada Square over Horizon, notwithstanding that Horizon had propounded the lowest evaluated cost. Right?

Mr. Sissons: I assume that was so.

Mr. Shibley: Why would not Mr. Nastich rely upon the circumstance that Canada Square had gone firm on its rental rate in terms of whatever interest factor might confront it for the whole term of 30 years?

Mr. Sissons: I don't know that I can answer that question. It certainly was true that what ^{might} ~~or~~ might not happen is a very speculative matter and to my mind it was a very

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M.F.

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(Mr. Sissons)

important consideration that we should be free of any risk in that area.

Mr. Shibley: And yet Mr. Nastich's memo seems to strain for a reason when there was an obvious reason available ^{if} ~~with~~ the interest factor was an important circumstance known to you people since April 13 of 1972.

Mr. Sissons: Yes, well unless I have missed something in the memorandum, we all seem to have missed that point which, as I say, seems to have been an important one. It may have been discussed in connection with the memorandum; I ~~do~~ don't know.

Mr. Shibley: Thank you. It wouldn't be that someone had checked with the other developers and found that they would similarly go firm?

Mr. Sissons: I don't think so, I don't think there was any prospect of that.

Mr. Shibley: And then he goes on in the same exhibit and says to you, this is a memorandum to you:

"I believe our method of pro-rating up the capital cost of the buildings as to eliminate the difference in the quality of the building is ingenious. Is it a valid approach in terms of actual building factors?"

Did you have any conversation with Mr. Nastich respecting item 4 in that memorandum?

Mr. Sissons: I am not certain whether I did or did not at that particular time. Certainly my understanding of this pro-rating thing from a lay point of view was that it had originated with Mr. Nastich's people and that it was, in fact, a valid message, whether you pro-rate it up to a value ~~of~~ ^{interest} ~~factor~~ or pro-rate it down to a value ~~of~~ ^{interest} ~~factor~~ it didn't affect the relative standing. But I would prefer that you would get an expert opinion on that from someone else.

Mr. Shibley: Are you telling us that the concept of

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M.F.

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(Mr. Shibley)

pro-rating didn't emanate from ~~me~~ ^{you?}

Mr. Sissons: That it didn't emanate from me? No.

Mr. Shibley: Whose idea was it?

Mr. Sissons: I understand it emanated ^d from M^r.

Nastich's people.

Mr. Shibley: Mr. Nastich's people ~~it~~ would be whom?

Mr. Sissons: Well, it was sort of a m^athematical approach to evaluation. That is my understanding, I ^could be wrong on that. It certainly didn't emanate from me. I wouldn't be that ingenious.

Mr. Shibley: Mr. Sissons, if you and the other gentlemen who were in attendance at the meeting of June 5th -----

Tape H - 335 follows

June 7, 1973
6.00 to 6.05
M.T.

H-335-1

(Mr. Shibley)

June 5, had decided that you were going to compile a report dated June 23 which would recommend Canada Square to be the developer, I take it that as of June 26, a date subsequent in point of time to the report itself, that what Mr. Nastich is talking about now is justifying the selection of Canada Square rather than intending a follow-up investigation of the competing proposals to ascertain whether, in fact, they were better or worse.

Mr. Sissons: Well, as I understand it, he was simply trying to examine the memorandum that had been prepared and make sure that it was valid in ~~all~~ all respects. This June 2⁶~~3~~ memorandum was, in fact, I guess, three days before the matter was actually considered at the Commission, really. I am ~~am~~ not sure of that; I think that was June 29, was it not? Mr. Nastich himself had not been present at our June 6 meeting when the base^{is} for this memorandum was discussed. Mr. Mink, who was his representative, had been.

Mr. Shibley: Mr. Sissons, what this committee, I am sure, is interested in is this; Were the efforts indicated by Mr. Nastich's memo of June 26 and certain other subsequent memoranda, were these efforts directed towards the compilation of ~~all~~ evidence supporting your choice of Canada Square, or ~~were they~~ ^{were they} directed towards the compilation of information that would ~~not~~ permit Hydro to make a proper comparison of the proposal of Canada Square with that advanced by other developers?

Mr. Sissons: Well, if I understand your question, I would have thought that was largely analogous. It was certainly directed towards supporting the choice of Canada Square, since that's what we were recommending, and I hope it was directed towards supporting the question of whether a proper ~~evaluation~~ ^{is} comparative evaluation, had been made.

Mr. Shibley: So that as of June 26, the process was not any longer one of making a choice, ~~is~~ ^{is} that correct?

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6.00 to 6.05
M.T.

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Mr. Sissons: That is right.

Mr. Shibley: The process was one of compiling evidence to support a choice already made?

Mr. Sissons: Well, that's the way I interpreted it.

Mr. Shibley: Yes. And what Mr. Nastich is saying to you, is, having made your choice on a qualitative basis, and on the basis of prorating, "Can we support the selection on those bases?"

Mr. Sissons: Yes, I think that's what he was doing.

Mr. Shibley: And would your answers be the same with respect to exhibit 78, which is dated June 29, and is another memorandum from Mr. Nastich to Mr. Dean, wherein he says that there are three basic concerns "which in my view need to be covered before we can assume that all the necessary groundwork has been done.

1. The validity of the overall transaction from both Hydro and the developer's viewpoint.
2. The cost relationship between financing and constructing our building and adopting a lease-purchase arrangement.
3. The validity of pro-rating the estimated capital costs of the building from the four developers to come to an ostensibly standard comparison on annual cost per square foot. I do not have the details of the method by which this was done. I think it essential that the process be defensible to attack from disappointed developers."

Mr. Sissons, I take it from your earlier answers that similarly, what Mr. Nastich had in mind in terms of this memorandum was the compilation of evidence to support a decision already taken that Canada Square ~~should~~ should be the developer.

~~Mr. Sissons: I have already stated my view, Mr. Shibley.~~

~~Mr. Shibley: By staff.~~

...

Tape H-336 follows



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Chairman: Mr. MacBeth

~~(Mr. Sissons)~~ Shibley)

~~Canada Square should be the developer.~~

~~Mr. Sissons~~ Mr. Genest

~~Mr. Sissons~~: Already taken by whom, Mr. Shibley?

Mr. Shibley: By staff.

Mr. Sissons: I wouldn't have used the term "compilation of evidence" but, yes, it was substantiation of the factual material lying behind the recommendations.

Mr. Shibley: This was not a continuing process of making a comparative analysis of other proposals for the purpose of making the selection?

Mr. Sissons: At the staff level, perhaps not. Had any of these questions raised by Mr. Nastich or anyone else raised any serious question as to the appropriateness of the recommendation and the subsequent commission decision, that, of course, would have been taken into account?

Mr. Shibley: Mr. Sissons, just ~~for~~ ^{for} example, did anyone take up with ~~Ellis-Don~~ ^{Ellis-Don} how their rental rate was computed in terms of the cost to them of constructing this building, per square foot? ~~Ellis-Don~~

Mr. Sissons: Well, I don't know that I have any first-hand knowledge of that question, as to how it was computed.

Mr. Shibley: Was there any follow-up with any of the other three developers in any areas, such as quality of building or pro-rating of cost? Were they confronted with these bases of your analysis which was dated June 23, 1972?

Mr. Sissons: Well, there were certainly continuing discussions ~~with~~ between Mr. Candy and these other developers, and I think perhaps he could be of more help on that question than I can.

Mr. Shibley: Can we not take it that any discussion with other developers, certainly as of this date, would have nothing to do with keeping them in the running, rather the

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(Mr. Shibley)

discussion was ~~part~~ part of the process of making sure that your selection was defensible to attack from ~~the~~ disappointed ~~developers~~ developers?

Mr. Sissons: I am not suggesting there was discussion at this date, but there had been discussion.

Mr. Shibley: You say there had been?

Mr. Sissons: Yes, there had been discussion between the time the proposals were submitted and the evaluations were completed. Ellis-Don, as was mentioned earlier, had submitted a major revision in its financing rate as late as April 11th, I believe.

Mr. Shibley: ~~I gather~~ I gather you are in the practice of attending meetings of the commission, are you not?

Mr. Sissons: Yes.

Mr. Shibley: Were you at the meeting during which Mr. Seguin made comment, as indicated by exhibit 91, October 3, 1972?

Mr. Sissons: ~~I~~ I don't think this exhibit states what date that was, and I don't have a record here of what ~~-----~~

Mr. Shibley: Well, were you at a meeting or did you participate in some discussion at which Mr. Seguin then made some comment?

Mr. Sissons: Yes, I think ~~A~~ ^{that} was at that meeting. I think I recall that.

Mr. Shibley: In fact, part of exhibit 91 is a document called ~~the~~ ^{the} rationale for course followed in selection of developer."

~~Did~~ You compiled that yourself, did you not?

Mr. Sissons: I don't think that is strictly correct. ~~I drafted~~ ^{drafted} it initially and Mr. Gordon worked on it as well.

Mr. Shibley: Are those Mr. Gordon's ~~-----~~

Mr. Sissons: Those are my initials at the bottom.

Mr. Shibley: Yes, are the ~~the~~ notations Mr. Gordon's?

June 7, 1973
6.05 to 6.10
M.T.

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Mr. Sissons: Well, now just a moment, I haven't got one with notations.

Mr. Shibley: Oh, you don't have an edited version?

Mr. Sissons: I haven't got the chicken-tracked one.

Mr. Shibley: Okay. Would that one be one which was ~~gone~~ ^{gone} over by Mr. Gordon?

Mr. Sissons: The one with all the notations on it?

Mr. Shibley: Yes.

Mr. Sissons: I don't believe so, I think that was someone else.

Mr. Shibley: ^{All right.} But you drafted this rationale?

Mr. Sissons: I think I did the initial draft ~~of it~~ ^{of it} ~~ones~~.

Mr. Shibley: What gave rise to the need for preparing a rationale?



tape H-137 follows

June 7th, 1973
6.10 - 6.15 pm

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AA

~~(Mr. Shibley)~~

~~for preparing a rationale.~~

Mr. Sissons: Well, I think Mr. Seguin suggested that this was going to be a contentious matter. I have to refresh my memory on that but I think that was the point of his comments.

Mr. Shibley: Can you be more precise as to what he said?

Mr. Sissons: I don't think I can.

Mr. Shibley: He just said it was going to be contentious?

Mr. Sissons: I think he ~~was~~ suggested that there was going to be some dissatisfaction on the part of one or the other -- I shouldn't say one or the ~~other~~ other of the people listed in proposals, because I assumed his comments were related to someone who had not been asked to put in a proposal. I made an assumption. He didn't disclose what ~~his~~ concern was really.

Mr. Shibley: He did not disclose?

Mr. Sissons: He did not disclose specifically what his concern was.

Mr. ~~Shibley~~ Shibley: Was this during the course of a commission meeting?

Mr. Sissons: I believe it was.

Mr. Shibley: So it was the subject of discussion among members of the commission at some meeting not prior to October 3, ~~1971~~ 1972?

Mr. Sissons: Well, I don't know what really it was at, sir, but his comment, as I recall it, did not disclose the exact nature of his concern or its source.

June 7th, 1973

6.10 - 6.15 pm

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AA

(Mr. Shibley)

Mr. Shibley: Can you assist us further as to anything more Mr. Seguin may have said?

Mr. Sissons: No, I don't think I can.

Mr. Shibley: It~~is~~ was just that much and no more that spawned this rationale on your part, ^I is that correct?

Mr. Sissons: Mr. Gordon spawned the rationale by asking me to ^{prepare} ~~prepare~~ it.

Mr. Genest: I ^{CAN'T} ~~can~~ hear you, Mr. Sissons.

Mr. Sissons: I am sorry, Mr. Gordon spawned the rationale by asking me to prepare it.

Mr. Chairman: Gentlemen, I think this is a reasonable place to break. What about next Monday at 3? Mr. Genest, is that

Mr. Genest: Mr. Chairman, ~~I think~~ perhaps I should explain on what you gentlemen ~~call~~ call a point of personal privilege that I happen to be a member of ^{THE} ~~the~~ council of the Northwest Territories, whose session is ~~an~~ opening —

Mr. Chairman: That's almost far enough away to put you!

Mr. Genest: — And I have to be there next week. ~~MacCallum~~ I have spoken to Mr. Shibley about it. Mr. MacCallum will continue to ~~represent~~ represent Hydro. Mr. Shibley has undertaken not to call Mr. ^{MacCallum} ~~MacCallum~~ when I am not here, and I expect in the words of General MacArthur, "I shall return," ~~I expect~~ following next week.

Mr. Deans: We will send you copies of the Hansard, to keep you up to date.

Mr. Chairman: If you are going to interrupt from there, you are going to have to speak quite loudly.

Mr. Deans: You won't be able to hear Mr. Sissons at all.

June 7th, 1973

6.10 - 6.15 pm

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AA

(Mr. Chairman)

Mr. Chairman: ~~I was referring to you as~~ I was referring to you as speaking for most of the Hydro personnel. I don't want to be unfair to Hydro personnel. We indicated that we would probably be meeting Tuesdays, Wednesdays and Thursdays.

Mr. Genest: I think that as far as Hydro is concerned, Mr. Chairman, the longer the sitting hours, the better. We are ~~anxious~~ anxious to get the matter over ~~and~~ and done with.

Mr. Chairman: Well then, Monday at 3 o'clock, if that is agreeable.

Mr. Bullbrook: Before we adjourn, should we not consider the question of whether are going to sit at night?

Mr. Chairman: Well, I was going to suggest that we ~~do not~~ consider ~~that~~ that on Monday, but if you want to consider it now, are you agreeable to meeting on Monday night as well. ^{was thinking of maybe picking} I ~~may be picking~~ that up later. Mr. Renwick?

Mr. Deans: I can't.

Mr. Renwick: I am unable to Monday night, but I certainly can on Tuesday night and Thursday night.

Mr. R.G. Hodgson: Do we have a meeting on Tuesday?

Mr. Chairman: I don't know of any meeting.

Mr. Bullbrook: Well, in the alternative, could we sit in the ~~evening~~ morning?

Mr. Deans: No, ~~the~~ ^{are} mornings ~~is~~ impossible. ^{with your secretarial help, but mine isn't here} I don't know how you work ~~but it is entirely impossible for me~~ in the evening.

Mr. R.G. Hodgson: Mr. Chairman, as some of us here have another meeting between six and eight on Tuesdays, we would like to have a meeting to close right off at ~~6~~ six or a few minutes prior to ^{Six} ~~because~~ because we have to go to another meeting.

Mr. Chairman: Well, ~~on Monday~~ ^{we} will meet this coming Monday at 3 o'clock, not Monday evening, possibly Tuesday evening, and we will look at the Tuesday evening session on Monday. We will try to keep ourselves ~~available~~ available for Tuesday evening. We are now adjourned until three o'clock on Monday.

The committee adjourned at 6:15 o'clock, p.m.

INDEX TO EXHIBITS

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138.	323-2	Letter - June 8, 1972 - From Olympia and York Developments Ltd. to John Ross, Crown Trust Co. re Hydro Head Office Building
139.	328-2	Letter - March 8, 1972 - From W.B. Magyar, Technical Economists Ltd. to H.J. Sissons re Property Consultant's Role
140.	328-2	Letter - March 17, 1972 - From H.J. Sissons to W.B. Magyar, Technical Economists Ltd. re Property Consultant's Role
141.	330-1	Memo - April 13, 1972 - From F.J. Mink to M. Nastich re Cost Variance: Public Tendering vs. Single Developer

LEGISLATURE OF ONTARIO

SELECT COMMITTEE

HYDRO HEADQUARTERS

Monday, June 11, 1973.

APPEARANCES

Committee members:

J.N. Allan
J.E. Bullbrook
I. Deans
M. Gaunt
L.C. Henderson
R.G. Hodgson
W. Hodgson
J.P. MacBeth (Chairman)
W. Newman
J.A. Renwick

Clerk of the committee:

Paul Moore

Committee counsel:

R.E. Shibley, QC

Ontario Hydro counsel:

Pierre Genest
James McCallum

Canada Square Counsel:

Douglas Laidlaw

Assistant General Manager -- Services, Ontario Hydro:

Henry J. Sissons

Commission Architect, Ontario Hydro:

Kenneth H. Candy

LEGISLATURE OF
ONTARIO SELECT COMMITTEE - HYDRO HEADQUARTERS

June 11, 1973
3.10 to 3.15
M.T.

H-338-1

The Committee met at 3:12 o'clock, p.m.
Members' Boardroom

Mr. Chairman: Mr. Allan having tabled the count, I call the meeting to order and would ask Mr. Sissons to resume the questioning chair.

Mr. Shibley: Mr. Sissons, I take your evidence to this point to be that as at November 25 for reasons that you stated having to do with salvaging plans, the decision was recommended but not acted upon that Hydro should proceed with Canada Square to do a lease-purchase transaction; but that because of the chairman indicating that a competition should be undertaken ⁱⁿ an effort ~~to~~ obtain competitive bids, that such a competition was, in fact, effected. Is that correct?

Mr. Sissons: Yes, I wouldn't say specifically that it was because of the chairman deciding this. It was decided in a discussion amongst several of us at which, I think, the general manager and Mr. Candy were present also,

Mr. Shibley: All right.

Mr. Sissons: That it was unrealistic to proceed with any salvage of the existing plans.

Mr. Shibley: What I would like to have now is your help as to the period of time over which this competition took place, and I also take it from one of your earlier ¹² answers that it was no later than June 5 when you, Witbeck and Candy had concluded that ~~2~~ Canada Square should be the developer. You remember when I was referencing exhibit No. 70, you had a meeting on that day, and that was the day that the decision was taken to form up the report of June 23.

Mr. Sissons: Was that the meeting at which Mr. Nastich wasn't present and Mr. Mink was? I have forgotten, I'm afraid, just exactly the circumstances of that exhibit. I think you are referring to the memorandum in which we ~~re~~

June 11, 1973
3.10 to 3.15
MT.

H-338-2

Mr. Shibley: I am referring to a memorandum dated June 6, which is exhibit 70; ~~and~~ perhaps the clerk can give you that. ~~and~~ It starts off: "I attended a meeting on June 5 with Messrs. Sissons, Durand, Gordon and Mink at which time it was decided that a memorandum be prepared for Commission approval", and then, that's ~~the memorandum which says, "In recommending a developer, state the following reasons for our selection:~~

~~a) His past experience in carrying~~

Tape H-339 follows

H-339-1

(Mr. Shibley)

~~That is~~ the memorandum which says "in recommending a developer, state the following reasons for our ^Sselection, his past experience, etc."

Mr. Sisson: Yes, ~~that~~ I'm clear on that now.

Mr. Shibley: ~~I~~ I am trying to telescope where I'd circumscribe the period of time within which the decision-making process was under^Wway. ~~Can~~ Can we take that as the outside date?

Mr. Sissons: Yes, the end date.


Mr. Shibley: So then, within that period of time, November 25, 1971, to June 5, 1972, what was done to bring about the competition among developers?

Mr. Sissons: First of all, as agreed, Mr. Candy went out to the developers who had shown an active interest in it; and this was essentially in accordance with my earlier memorandum of November 2, and it was agreed that he should go out to these developers and go and discuss the situation fully with them and receive proposals from them.

Mr. ~~Shibley~~ Shibley: Before ^{you} go on; you say Mr. Candy went out. I had understood from the earlier evidence that the developers had sought you out rather than the other way around?

Mr. Sissons: Well, you see, there is a staging process in here. Mr. ~~Zwig~~ Zwig, for instance, sought me out in September, and I advised him that if, as and when we decided what course we were going to follow that we would be in touch with him, that Mr. Candy and Mr. Dean would be in touch with him. And they were during December. Y and R had sought me out in connection with their Eaton's College Street proposal and I had arranged for them to see the chairman, the general manager and others on December 14, I believe ^{at} it was, and/that meeting we discussed this question of their submitting a proposal on the basis of our owning the building either on the Eaton's College Street site, or on our University Avenue site, so that there was a ^{time} ~~time~~ factor in here.

Mr. Shibley: So you say that Mr. Candy went back, by way of a follow-up, to these developers. Did he prepare written specifications to present to them at that time?



H-339-2

Mr. Sissons: I think that perhaps he could best answer that. Certainly he had specific ^I I suppose specifications is the right word ^I terms ^{or a} parameters within which we wished to ^{receive} ~~make~~ proposals. He had those written down, and I believe he discussed them with each of the developers, and confirmed that with them subsequently. But perhaps he had better answer that question for you directly.

Mr. Shibley: ^{Was} ~~Was~~ it a circumstance where the specifications were of a preliminary nature?

Mr. Sissons: I think ^{the} ~~the~~ term "specifications" is a little confusing perhaps, in that as we discussed earlier this was not an architectural competition. We weren't being specific as to the type of building we wanted. We were saying to each developer, "Here is the site, and here are some of the broad ^a parameters that we see, and we are interested in receiving a proposal from you as to what you feel would be appropriate".) ~~So~~ ^{They} They were what I would call very broad performance specifications in which there were some detail as to specific facilities that we were interested in or might be interested in.

Mr. Shibley: Was it indicated to these developers that at this juncture matters were in a preliminary stage, and once Hydro had limited the number of developers to relatively few who qualified ~~more specific~~.

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(Mr. Shibley)

~~once Hydro had limited the number of developers to relatively~~
~~few who qualified~~ more specific instructions would issue and
more detailed communication ^{BE} made to them as to the basis upon
which they were to tender? ^N

Mr. Sissons: Well, I don't think so. Again perhaps
Mr. Candy will have to be more precise about this, but my under-
standing was that ^{we} were in effect getting prices in from these
developers within the broad ^{para}parameters of the type of thing that
we were looking for and that they understood this.

Mr. Shibley: And were these to be the prices upon
which you would decide which was to be the developer to undertake
the job?

Mr. Sissons: Well, I don't think price is the whole
answer. We were looking for, you know, price, ^{package},
capability and all the rest of it.

Mr. Shibley: I understand, but these were to be the
proposals upon which you ~~■~~ would make the selection?

Mr. Sissons: That was my understanding, that each
one of these people ~~was~~ ^{was} putting ~~in~~ ⁱⁿ what they considered
to be a definitive price. I don't ~~any~~

Mr. Shibley: And was that understanding on the
part of Hydro communicated to the developers?

Mr. Sissons: Well, I would have thought so, but
again perhaps Mr. Candy will have to answer that directly, ~~but~~
Certainly what we were after was getting a value, getting a
price tag on the type of facility that each person thought would
be appropriate ^{To} ~~for~~ the ^{SITE} ~~price~~ ³ and bearing in mind, by the way,
such important factors as the commercial development which some
people regarded ~~as~~ as a liability and others might regard as an

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asset.

Mr. Shibley: Mr. Sissons, this was being done, however, without benefit of anything specific in terms of drawings? Is that correct?

Mr. Sissons: That's correct.

Mr. Shibley: Nor anything specific as to specific^{ations} for the building itself?

Mr. Sissons: Well, we were giving them the site size, ~~the~~ the height limitations, ~~and~~ the zoning limitations, that kind of thing, which according to my understanding, a developer needs in order to make an approach to ~~a~~ pricing the product.

Mr. Renwick: Mr. Chairman, may I interrupt just for a moment? May I ask, Mr. Sissons, whether Hydro had on any other occasion been engaged in this variation ^{of} ~~is~~ calling for tenders by asking for proposals on the basis of a uniform general specification that was given in the first instance, or are you more familiar or indeed exclusively familiar with the traditional call for tenders against plans, drawings and specifications?

Mr. Sissons: No, by no means, there have been other occasions, rare ones, in which the situation was unusual as it is here.

Mr. Renwick: Where you specifically called for ~~==~~ have

Mr. Sissons: We ^{called} ~~called~~ for broad performance type proposals and then made a decision based on the -- I think, ~~if~~ if I remember correctly, this is many years ago, when we did that on lake shipping for coal because there are all kinds of ways of hauling coal and every one of the shipping companies ~~==~~

Mr. Renwick: No, I am thinking of a construction project. I think perhaps I am not being very ~~simple~~ clear.

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(Mr. Renwick)

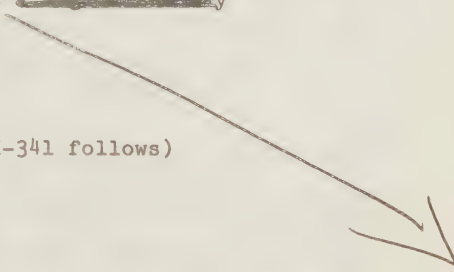
Let me give you an illustration. The Ontario Housing Corporation in its initial stages called for tenders in the traditional sense of having plans, drawings and specifications and calling for contractors to ^{meet} ~~meet~~ those specifications and to put in their ^{bid} ~~bid~~ and the lowest bid was selected and they went ahead. Latterly, because of the development ~~the~~ business, ~~the~~ it has become customary as well to call for proposals against a more generalized form of specification. Now, has Hydro ever used that form of call for proposals?

Mr. Sissons: I can't be certain about that in the construction field. I would think probably not. You see, this was not simply a construction job as ~~was~~ I am sure you appreciate; this was a job that involved possibly a major commercial input.

~~_____~~
~~_____~~ thirty-year financing and this sort of thing.

Mr. Renwick: My only point was for clarification, I think, from the committee's point of view. We have to be ~~also~~ clear that there were two methods and having decided to ~~the~~ go for the proposal method, which is a ~~legitimate way~~

(Tape H-341 follows)



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(Mr. Renwick)

method in having decided to go for the proposal method which is
a legitimate way of dealing, ~~that~~ that we shouldn't get
mixed up in the other other form of calling for tenders against
plans, drawings and ~~and~~ specifications.

Mr. Sissons: Yes, ~~I think that is~~ I might just
enlarge on that, ~~there~~ there are probably other ways of doing this
too. I think, you know, there are variations in the case of
these shipping contracts. They used a different approach
entirely. We just said, anybody that's interested in hauling
coal for us, please come forward and tell us how they would do
it and what terms they would visualize, ~~you know~~, and then we
negotiated it from there. So it's not perhaps quite as ~~as~~
black ~~as~~ and white as that.

Mr. Shibley: Mr. Sissons, I take it that this type
of transaction was not of a nature with which Hydro personnel
were ~~familiar~~ familiar by reason of past experience?

Mr. Sissons: I think that's absolutely correct.

Mr. Shibley: Yes, and it was for that reason, among
others, that you sought outside legal help in the ~~the~~ form of
Mr. McCallum, isn't that so?

Mr. Sissons: Right.

Mr. Shibley: And it was the expertise that he would
bring to bear on ~~on~~ a lease-purchase type^{of} transaction that
your people required in the formulation of this agreement, isn't
that so?

Mr. Sissons: In the finalization of the agreement,
yes.

Mr. Shibley: Yes, I put it to you that you didn't
seek such assistance until July 19, 1972. At least the
commission instructed that assistance be obtained on that date,
is that correct?

Mr. Sissons: Yes, ~~I think that is really~~, it seems
to me, to be a different thing, a different thing and a different
stage, a different process. We had made our own approach to the
market. At a certain stage you have to decide, you have to ~~select~~
~~select~~

(Mr. Sissons)

~~we~~ it seems to me, who you think you can hammer out the best deal with, and at that stage the commission decided, I think very wisely, that we should have someone expert in the development business to ~~for~~ finalize the transaction.

Mr. Shibley: I think what the committee here are interested in knowing, Mr. Sissons, is this; How did the staff conclude that they could formulate an opinion respecting which developer to seize upon when they were without experience in this type of transaction and did not seek outside help until July 197

Mr. Sissons: Well, we had a very extensive interface, as they say, with the developers that were interested. We received proposals from them. Our financial people conducted an exhaustive analysis of the thing. We may have been lacking in some expertise but we did feel that we had made a careful examination of the whole problem and that we were in a position of recommending the best combination of price, ~~price~~ package / personnel ~~personnel~~ approach to the job and so forth.

Mr. Shibley: Mr. Sissons, you mentioned an exhaustive analysis of the proposals. Would you produce for me, please, the working papers respecting that analysis?

Mr. Sissons: Well, I was referring, sir, to the ~~April 10 report~~, April 10 report.

Mr. Shibley: Well, do I take it that other than the documents which were produced to me and in turn exhibited, there are no further working papers analyzing the proposals of each of the four developers?

Mr. Sissons: I couldn't be absolutely specific about that. There were various other discussions and analyses by both Mr. Candy and Mr. Mink in the ~~quarter~~ period prior to the April 10 report.

Mr. Shibley: You mentioned the April 10 report. I take it that really that report concluded for all practical purposes the selective process as to who should be ~~the purchaser-developer~~ the builder-developer, is that so?

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fvk(Mr. Shibley)

..... the purchaser - I'm sorry, the builder developer? Is this not so?

Mr. Sissons: Well, yes, ~~sure~~. You recall that that report concluded that if we could harden up, so to speak, a contract with ~~us~~ either Horizon or Canada Square, that that would be an acceptable course. This was the considered judgement of our financial people.

Mr. Shibley: So that really the competition had narrowed down, at the very ~~least~~ least, by April 10 ←

Mr. Sissons: Yes.

Mr. Shibley: ← to those two persons ←

Mr. Sissons: Yes.

Mr. Shibley: ← so far as your people ^{were} concerned.
Is that right?

Mr. Sissons: Yes.

Mr. Shibley: Now, dealing with the shorter period of November 25 to April 10, my understanding is that some developers were not approached until early January and asked to submit a proposal by January 22 or January 24. Is that correct?

Mr. Sissons: I don't know about the ~~exact~~ precise dates. I know that one developer in particular claims that he was short of time.

Mr. Shibley: Yes, that he was only given as little as two weeks to come up with his proposal?

Mr. Sissons: Yes, but I pointed out to you that he was still submitting other ~~data~~ data in connection with his proposal many weeks later so that I don't think there was any ~~sort of~~ sort of firm cutoff period as far as consideration of proposals was concerned until that April 10 report came down.

Mr. Shibley: Now, prior to the April 10 report, there was a February 1 report by Mr. Candy which is ^e Exhibit 62 and, in that report, Mr. Candy makes the recommendation ^e first of all, this would be subsequent, in point of time, ~~to~~ to receipt of the four proposals. Is that correct? February 1, 1972, Mr.

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fvk

(Mr. Shibley)

Sissons.

Mr. Sissons: I believe so, yes. Yes, that ~~it~~ was the report to Mr. Gathercole.

Mr. Shibley: Yes. And this is his overall assessment of the four submissions. Is that not so?

Mr. Sissons: Yes. A rough preliminary assessment.

Mr. Shibley: Yes. And is it fair to say that the report seems to favour Canada Square, as at February 1, 1972, to be the developer for your site?

Mr. Sissons: Well, again, perhaps Mr. Candy could answer that directly. I would think ^{so} yes.

Mr. Shibley: Yes.

Mr. Sissons: But ~~as~~ ^{as} we mentioned before, ~~this was~~ the drawings that were submitted were not in contention about that and that was not the reason why ~~—~~

Mr. Shibley: I'm just trying to narrow down the period of time ~~—~~

Mr. Sissons: Yes.

Mr. Shibley: ~~—~~ over which the competition took place. So as far as Mr. Candy was concerned, it appears that by reason of a ten-page report he compiled on ~~XXXX~~ February 1, that he was then in a position to evaluate and compare and report upon the four proposals. Is that correct?

Sissons:

Mr. ~~Shibley~~: He was reporting upon them with a preliminary evaluation, yes.

Mr. Shibley: Yes. So the period of competition now is further reduced to ~~—~~ earlier than November 25 and, so far as Mr. Candy's evaluation, as early as February 1.

Mr. Sissons: No, sir. I don't, with respect, ~~don't~~ think that's so. There were discussions with developers subsequent to that date and specifically, I think, very close to the compilation of the April 10 report. Certainly, in my own mind, the time at which the competition, so to speak, was narrowed down ~~—~~ was when all of these submissions had been fully assessed,

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verified and analysed in that report of April 10. I regarded this memorandum of February 1 ~~and~~ ^{of} Mr. Candy's ~~is~~ ^{as} purely a preliminary assessment of what things looked like. Bear in mind we'd been, up to this point, extremely anxious to see ~~an~~ some kind of a price tag to get some kind of an idea what we ~~can~~ ^{could} do on a lease-purchase basis. We ~~had~~ ^{lead} no proposals, as I mentioned the other day, up ~~to~~ ^{to} the time that these proposals were received.

Mr. Shibley: Was there any follow-through with the developers other than Canada Square subsequent, in point of ~~time~~ ^{*}, to February 1, 1972?

Mr. Sissons: I believe so, and I think Mr. Mink and Mr. Candy can assist you in that regard.

Mr. McCallum: Mr. Shibley I wonder if I could ask you ~~is~~ ^{is} ~~if~~ your question one ~~is~~ ^{is} of ~~the~~ ^{did} the competition narrowed down as far as Candy was concerned or did the competition narrow down ~~in~~ ^{period} ~~periods~~ to the ~~period~~ prior to February 1? You weren't very sure and ~~xxxxxxxxxxxx~~ ^{it still isn't clear - I'm} not certain which question it was that you asked.

Mr. Shibley: Now, that you asked me to ~~go~~ ^{go} back I'm not ~~as sure~~ ^{as sure} ~~assured~~ myself, but let's take it one at a time.

~~The February 1 memorandum~~

(Tape H343 follows)

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3:35 - 3:40 pm

C.B.

(Mr. Shibley)

~~let's take it one at a time.~~ The February 1 memorandum, being exhibit 62, would appear to indicate that the choice had narrowed down in Mr. Candy's thinking to Canada Square. Is that right?

Mr. Sissons: I'm not sure that I would agree with that. I saw this as being a recording of what had come in so to speak and I didn't see any recommendation in it. ~~and~~ Again, the manner in which we work in the commission, you know in an arena ^{w/} where a number of us are involved, is that we try to report and keep each other informed, and there are only certain stages at which we narrow things down and go on paper with specific recommendations, and this I did not see as a recommendation.

Mr. Shibley: Mr. Sissons, you would agree with me that such things as the responsibility for variations in foreign exchange would be a material circumstance in the evaluation of proposals?

Mr. Sissons: Yes.

Mr Shibley: YOU would also agree with me that questions of escalation of costs resulting from variations ^{the} in interest rate would be a material circumstance to ^{be} ~~be~~ investigated?

Mr. Sissons: Yes, ^{and these were} ~~it means that~~ all matters in which data had been submitted by the developers and this was the first recording of them.

Mr. Shibley: Was there any follow-through in those areas at that particular time?

Mr. Sissons: Do you mean specifically at

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C.B.

(Mr. Sissons)

February 1, or between then and....

Mr. Shibley: Between February 1, and April 10.

Mr. Sissons: Yes, I believe there was.

Mr. Shibley: By whom?

Mr. Sissons: By Mr. Candy and Mr. ~~XXXX~~ Mink.

Mr. Shibley: All right. Then, Mr. Sissons, when this matter came ~~on~~ before the commission on June 29, you were there?

Mr. Sissons: Yes.

Mr. Shibley: And the commission deferred its decision, I gather, to permit further investigation ^{to be made} ~~is~~ that not so?

Mr. Sissons: I couldn't be absolutely specific as to why they deferred it. It was a first reporting of ^{the} ~~a~~ situation recommending in this ^{case} ~~to~~ the commission. ~~I think the Chairman testified as~~ ^{testified as} to that, I think they felt that they would like more time to think about it and evaluate the situation in their own minds.

Mr. Shibley: Again I have a period of time in mind, ^b ~~being~~ the period between June 29 and July 12, the latter being the date upon which the commission gave authority to negotiate with Canada Square for an agreement.

Mr. Sissons: ~~Um-hm~~ Yes.

Mr. Shibley: Now did the commission intend that ~~during~~ during the interval there would be a further investigation and report to it referable to the competing proposals?

Mr. Sissons: If they did, as I recall it, no specific instructions were given as to what form that should take. Bear in mind we already had the April 10 report and I believe Mr. Nastich had proffered that report at that meeting and we ^{have} ~~had~~ already gone over that ground.

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~~(Mr. Sissons)~~

~~ground~~

Mr. Shibley: So do I take it that your view of the posture of the commission was rather one of wanting time to sleep on the question between June 29 and July 12, rather than have the benefit of further investigation of the four proposals?

Mr. Sissons: I'd prefer not to develop a view as to the posture of the commission. From my point of view we had made a recommendation and it was held over for further study.

Mr. Shibley: You can't help us, then, as to any investigation that the commission had in mind to be effected during that period?

H 233 to follow



H-344-1

(Mr. Shibley)

~~You can't help us then as to any investigation that the commission had in mind to be effective during that period?~~

Mr. Sissons: As I recall it, and I haven't these exhibit in front of me, but did Mr. Nastich not, following our meeting, raise certain questions and asked that certain answers be produced? ~~he~~ ^{to the} ~~he~~ ^{the} ~~he~~ ^{exactly} ~~he~~ ^{more advantage} ~~than I can~~

If so,

Mr. Shibley: You have no contribution to make as to that?

Mr. Sissons: I don't really think so, because as I say, the April 10 report was a reasonably definitive report, and that was discussed at ~~some~~ ² length at that meeting.

Mr. Shibley: Now, then, Mr. Sissons, some interest has been expressed by some members of the committee here as to whether in fact Hydro required a building as costly as this one was intended to be, ~~and~~ I'd like to know from you whether you provided any input as to the facilities to be incorporated into the building which would add to its cost.

Mr. Sissons: ~~That~~ ^{is} is a very sweeping question. I would that for 10 or 15 years I have been ~~examining~~ ^{pressing} ~~addressing~~ ^{addressing} certain kinds of things that we should have in the building including perhaps a place to eat. This has always been a big issue ^{with the} ~~of~~ staff. I've felt that we certainly needed a respectable auditorium in which we could get a significant slice of the management ~~issues~~ ^{staff} or of other staffs together at various times to present various policies, have the benefit of discussion. We have never had a proper meeting room in the building ~~in~~ which we have called our head office for all these years. That kind of thing. There was another thing that perhaps should be mentioned. We had a garage back behind the building there, an ancient and honourable one ~~that~~ when Mount Sinai expropriated the property next door and dug a great big hole ⁱⁿ ~~in~~ which to build that hospital, the garage started to slip into it, so we lost that garage ~~and~~ were duly compensated for it. The question then arose as to whether we should have that kind of facility in a new building if it were built or if it should

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(Mr. Sissons)

be down the street in a less convenient location ^{than} the parking ramp that had been built there. So there were those kind of things that we debated back and forth in connection with the original design of the building, and which ~~were~~ incorporated in this building. I may say that there was once before an inference that this was an elaborate building. I don't think it is. I think this will be a relatively functional building which will be well enough designed, and have technology incorporated in it that I hope 30 years from now it will be an asset instead of being obsolete in any major respect. High-speed elevators, since you ask, are one thing that we felt were important, but nevertheless I understand it is going to take 30 minutes to empty this building from top to bottom if everybody ^s tried to leave at once. The last person wouldn't be out ~~for~~ ^{for} 30 minutes. ~~So it is not,~~ while we hope it will have good elevator service, it hasn't got the ultimate in elevator service for a single tenant building.

Mr. Shibley: In addition to the facilities you mention, namely the garaging and the ~~auditorium~~, and so on, did you also indicate a desire to have a high-quality gym facility built in the structure?

Mr. Sissons: This is something that is still being debated. Our employees indicated this desire, and I don't think this has really been resolved yet. Some of us have the feeling, and I wouldn't want to be quoted extensively on this, that Hydro isn't ~~going~~ exactly ^{yet}

~~Mr. Brown: Don't say it that if you don't want to be...~~



H-345-1 follows

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~~(Mr. Sissons)~~

~~some of us have the feeling, and I wouldn't want to be quoted extensively on this, that Hydro isn't exactly the~~

Mr. Deans: Don't say it then if you don't want to be quoted.

Mr. Sissons: I beg^g your pardon?

Mr. Deans: Don't say it if you don't want to be quoted

Well,^W
Mr. Sissons: ~~all~~ ~~that~~ right, then, I would like to be quoted on this; that Hydro, I think, is not really in business to provide gymnasia; there are other people that provide gymnasia quite successfully -- the Y is one of ~~them~~ ^{them, and} people like Vic Tanny and so forth. So I think this is very much of an ~~arguable~~ arguable question as to whether, for a staff that is downtown five days a week on a relatively short work-day, the commission will be justified in providing this kind of facility at its own expense. Now, if it can be provided commercially on a paying basis, that would be quite something else. Some of us thought ~~that~~ ^{and} -- I don't want to go on too long about this ~~that~~ ^{that} a jogging track up on the roof might be provided for practically nothing, although Mr. ~~Candy~~ Candy has great concerns about ~~the~~ people being ~~blown~~ blown off in a high wind, and so forth. That's not ~~in~~ ^{when} the commissions ~~and sections~~ ^{in session}, by the way, but that kind of thing is still being considered, and you've ~~led~~ ^{led} me ~~under~~ ^{into} another area that I didn't want to mention, ~~but~~ ^{that} perhaps now is not the time ~~and~~ ^{and} the flexibility that is ~~here~~ ^{inherent} and in this context for us to debate these kinds of things and settle them as time goes on rather than before the building is started.

Mr. Shibley: Well, Mr. Sissons, I must say I ^{have} ~~debated~~ putting this next ~~into~~ document in as an exhibit, but because it does impinge on the evidence you have just given, plus, I think, another and important aspect, I will present ^u you a ¹ letter dated November 29, 1972, from yourself to Mr. Moog.

Mr. Chairman: Exhibit 142.

Mr. Shibley: And ~~is~~ ^{first} dealing with the second paragraph ~~first~~ of that letter, it reads: "Ken Candy will have told you as

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(Mr. Shibley)

part of our interest in employee wellbeing that we are anxious to have a high-quality ~~Vice Tanny~~ type gym facility included in the ~~commercial~~ area if this is marketable, and, as well, to give consideration to a possible jogging ~~track~~ ^{track} on the roof."

Now that's what you were ~~referring to~~ referring to earlier.

Mr. ⁵⁵Sissons: Yes. ~~Yes.~~

Mr. Shibley: And the first paragraph is, I think, what you were referring to latterly in terms of flexibility.

"We have not yet met..." --I gather you ~~hadn't~~ ^{had} met Mr. Moog as late as November 29?

Mr. Sissons: That's correct, sir.

Mr. Shibley: 1972.

Mr. Sissons: Yes. I wouldn't want that to be felt to be unusual because, as I mentioned earlier, we have a very great many transactions going on at all times and I do not make it a point to meet everybody; I try to ~~rely~~ rely on the people.

Mr. Shibley: Yes. It goes on, ^{"--but} ~~that~~ as you may know I have been in close touch all the way along ~~the~~ [&] the project. We have all been most favourably impressed with the way your people have worked with Ken Candy and Jim McCallum in sorting out the many and varied considerations, and I must say, we are all greatly pleased to see the rapid progress you are making well ahead of schedule in opening up the job and the good housekeeping associated therewith."

Did that paragraph truly reflect your thinking as at November 29, 1972, in respect of the liaison established with Mr. Moog and your staff?

Mr. Sissons: Yes, I think so.

Mr. Shibley: Yes.

Mr. Sissons: But I ...


Mr. Shibley: The part that made me hesitate to introduce the letter was the part about the barber, but I think the rest of it makes the letter worth looking into.

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R.E.S.

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Mr. Sissons: Well, sir, ^{am very glad} you did introduce that ^{for} ~~it~~

~~because~~ because of these hearings I have been trying for about three weeks now to get to that particular barber and I am afraid ^{id} he's going to go broke if I don't ^{see him} pretty soon, ~~it~~

~~I~~ I think, if I might just say one more word, ~~the~~ thing is ~~that~~ that we have established a building planning committee ~~and~~ ~~perhaps~~ perhaps this will clarify some of these other ~~things~~ ~~of~~ ~~which~~ which I have the misfortune to be chairman, ~~and~~ we have ~~an~~ an assistant chief engineer and other senior officers on it. I don't know whether you ~~have~~ ^{have} any documentation on this or not, but we are really in the process of sorting out ^{the really} way through a whole lot of ~~the really~~ important operating considerations that are going to affect the cost and the character of this building in the end, such as gymnasias and jogging tracks and barbershops ~~and so forth~~ and mail-handling equipment and so forth. All of these things would really have had to be detailed and specified in other kinds of tender calling processes. ~~They are~~ 

(Tape H-346- 1 follows)

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JLP

(Mr. Sissons)

~~detailed and specified in other kinds of tender calling process.~~

They are important operating areas but we're able to resolve them and we hope, ~~that~~ within the \$34-cost limitation that was placed on this contract, ~~we~~ we hope that we have sufficient flexibility within that to decide on these matters ~~throughout~~ to our idea of quality and type of facility that we want.

Mr. Shibley: I suppose Mr. Candy is the better person to ask of this question. Have these plans and specifications been sufficiently completed to permit an overall evaluation of them, in a sense of — ?

Mr. Sissons: In a cost sense?

Mr. Shibley: ~~Oh~~ Yes.

Mr. Sissons: Oh, no, I would say not. ~~OT~~ This is a moving target. ~~OT~~ Certainly he would be better able to answer this, but what's been completed, as I understand it, is the architecture or what I would call the skin of the building, the foundations and the skin of the building. ~~OT~~ Work is going ahead rapidly ~~in~~ defining and costing the other areas; but there are a great many things which we in the building and planning committee are still going to have to decide and instruct the developer on ~~lighting~~ ~~lighting~~ systems and so forth.

Mr. Shibley: Mr. Sissons, you know that the chairman instructed everyone within Hydro to produce all documents in his possession referable to the issues in this action. Have you, in fact, produced to me, through Hydro's counsel, all documents in your possession referable to the issues?

Mr. Sissons: Well, I certainly hope so. My files have been searched on innumerable occasions and I don't know of anything that has not been produced.

Mr. Shibley: I want to ask you in very general terms, Mr. Sissons, just by way of completing your examination, whether so far as you are concerned you have any knowledge, or any information, that anyone on the staff of Hydro, or any of the commissioners, had their judgement, referable to the contract which is under review,

influenced by any circumstance other than what was in the best interests of Hydro and the people of this province?

Mr. Sissons: No, Sir, I have no such knowledge.

Mr. Shibley: So far as you are concerned, ⁱⁿ the whole of your knowledge and information, I take it to be that they were governed throughout by the usual and proper considerations.

Mr. Sissons: Yes.

Mr. Shibley: And do you have any information referable to the suggestion that one of the developers received a threat?

Mr. Sissons: No, I certainly do not.

Mr. ~~Siss~~ Shibley: I have no further questions, Mr.

Chairman.

Mr. Chairman: Thank you Mr. Shibley. Mr. Renwick.

Mr. Renwick: Mr. Sissons, I want to clarify what was requested from ~~the various~~ ^{the various} developers, and what was used for the purpose of the evaluation and analysis, which is Exhibit no. 67 of April 10.

Mr. Candy's memorandum of February 1 in Exhibit No. 62 refers in the first paragraph to "Preliminary proposals have been received from four developers on an informal basis, each one having approached the commission for ~~xx~~ permission to do so, to provide designs, ~~proposals~~, financing, etc."

Mr. Chairman: You have Exhibit No. 67 there Mr. Sissons?

Mr. Sissons: Well, I had the

(Tape H-347 follows)

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M.F.

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~~Chairman: Mr. MacBeth~~

~~Mr. Chairman: You have exhibit 67 there, Mr. Sissons?~~

Mr. Sissons: Well I have the February 1st memorandum which was 62. I don't have 67. I might be able to find it in my own files here but -----

Mr. McCallum: Is this the ^{ial} 1972 confidential draft to Ontario Hydro head office development, ^{prepared} by Candy and Mink?

Mr. Renwick: Mr. Sissons, you have exhibit 62 and a exhibit 67?

Mr. Sissons: Yes.

Mr. Renwick: Exhibit number 62, dated February 1st, in the opening paragraph if I could just repeat it:

"Preliminary proposals have been received ~~far~~ from four developers on an informal basis, each one having approached the commission for permission to do so, to provide design^{ed}, construction," etc., for ^a proposed new head office building.

Now my first ^u question is, do you know of any developer that was approached in the initial instance by Hydro, apart from Canada Square?

Mr. Sissons: I don't know about Cadillac in ^{this} ~~the~~ specific sense because when I had met with Cadillac at one time it was purely in relation to our renting space from them in a building on an ordinary ^{Commercial} ~~solid~~ basis ~~on~~ a building they were supposed to erect.

Subsequently, Mr. Gathercole and Mr. Candy and Mr. Gordon, I think, met Cadillac, and I don't know whether Cadillac approached them or whether they approached Cadillac.

Mr. Renwick: In any event I take it that you do not dispute the fact that four developers who ^{ended} ~~ended~~ up in this competition were developers who had approached Hydro, apart from Canada Square?

Mr. Sissons: Yes, I would like to make one slight alteration in that too in the sense of the approach because,

↓

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~~(Mr. Sissons)~~

they approached
as I think we mentioned, when Y and R approached this in relation to a totally different thing, and in the course of talking to them we said "If you would like to submit us a lease-purchase proposal we ^{would be} glad to see one come".

Mr. Renwick: Let me put it quite bluntly? Do you know of anybody who was approached on the initiative of Hydro who could be classified as a developer in connection with this proposal?

Mr. Sissons: No, and as I sit here, and perhaps I am not the right person to answer this, I don't know of anyone who we could have approached who we would have regarded as having all the requisite qualities to undertake this job. I think I mentioned that the other day.

Mr. Renwick: Now in exhibit number 62, I am intrigued by the statement by Mr. Candy that these developers were given the following verbal information regarding the conditions and requirements - and then there is an extensive four or five pages of information. I am curious about the use of the term verbal. Do I take that to mean that there was no document prepared that was handed to any one or all of the ^{developers} ~~developers~~ from which they could prepare their proposals, using the normal sense of that term verbal that ^{it} was done orally?

Mr. Sissons: I would like Mr. Candy to answer that. My understanding is that he reviewed each of these items with each of these potential developers at that time and later confirmed it in writing with them. There was some flexibility in the area of discussion. As I say we were not trying to be absolutely specific about what we wanted, ~~we were trying to say~~
~~here is a statement here is~~

Tape H - 348 follows

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M.T.

"348-1

(Mr. Sissons)

~~we were not trying to be absolutely specific about what we wanted,~~
we were trying to say: "Here's a site and here's certain things we want incorporated, now what does it look like to you?".

Mr. Renwick: Well do you, Mr. Sissons, know of any uniform document that was submitted to each of the four developers or the five developers?

Mr. Sissons: I think you had better ask Mr. Candy that.

Mr. Renwick: But I am asking you, do you know of any document?

Mr. Sissons: My understanding is that this type of thing was later submitted to them,

Mr. Renwick: In writing?

Mr. Sissons: I don't know.

Mr. Renwick: But you had never seen any such document if there is one?

Mr. Sissons: No, I think I have seen a document in which Mr. Candy said that each one of the developers had confirmed that his submission was in accordance with this specification ~~or~~ or whatever we should call it.

Mr. Renwick: Now, in exhibit No. 67, on page 19 in the second paragraph, we have the statement:
"In consideration of these conclusions it was decided to request preliminary proposals from five prospective development firms willing to consider a lease-purchase arrangement for our new head office ~~development~~ development."

Mr. McCallum: What is that page, Mr. Renwick?

Mr. Renwick: Page 19.

Mr. Sissons: Someone has underlined that in this copy I have here, I don't know whether it's 7

Mr. Renwick: Mine is not underlined. In the second sentence: "Each developer was given the specifications and conditions for development as outlined in appendix A informally, and asked

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(Mr. Renwick)

to submit a price breakdown that would be considered suitable for assessment of a lease-purchase arrangement."

Now, my question is that, as I take it, that statement follows on the exact preliminary proposals which had been referred to by Mr. Candy in his memorandum of exhibit 62. And my further question is that this informal submission of specifications and conditions for development, so far as you know, was not an independent document given uniformly to each of the developers?

Mr. Sissons: Yes, I don't know, definitely whether it was or was not given to them as a document.

Mr. Renwick: Now, being interested or concerned about this question of the extent of the validity of the competitive exercise that Hydro was going through, do I take it that the only information on the basis of which the competitive nature of the proposals of each of the developers was carried out, was on the basis of these preliminary proposals, and that no subsequent documentation was received from the developers in a more final ~~final~~ sense.

Mr. Sissons: I don't

Mr. Renwick: I put that very badly, Mr. Sissons.

Mr. Sissons: Yes, I don't think I follow ~~you~~ that question.

Mr. Renwick: My question is that it would appear to me from the carefully used phraseology, "preliminary proposals", that in fact the only thing that Hydro received from the four developers ~~was~~ something called ^{"preliminary proposals"}.

Mr. Sissons: No, I don't think that is so, ~~we~~ we had one letter that I can recall from one fellow raising his rate by 5/8 or ~~3~~ or whatever it was. There were ~~others~~ as I mentioned earlier, other discussions by both Mr. Candy and our financial people in amplification of these proposals which were incorporated in this report, I believe.

Tape H-349 follows ✓

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Mr. Renwick:

And if I may refer to Page 30 of ~~the~~ Exhibit 67 at the top of that page - "Criteria for ~~the~~ Selection: The basis on which the four proposals have been received and presented does not readily lend itself to selection of any one developer as the most economic. The background material and information available from some developers (Canada Square) is well presented and documented, while others would appear to have prepared their proposal on a strictly hypothetical building without due consideration of our unique requirements. This may be due to misunderstandings as to their terms of reference and objectives".

And again my concern is, ~~what~~ what steps were used by Hydro on the basis of these, if I may use the term, preliminary proposals, in order to establish a basis on which an adequate comparison could be made among the proposals, subsequent to the memorandum number 67, which clearly indicates that at that point in time they were not ~~an~~ adequate?

Now after April 10th, what further steps were taken to establish the basis on which the competitive relationship of the four proposals could be assessed and evaluated and a conclusion drawn?

Mr. Sissons: Well, again I say for detail on that I think Mr. Candy and Mr. Mink would have to respond. But in a general sense, of course, reading ~~a~~ back over this paragraph, it is apparent, ~~that we're not talking~~ like this, that we're not talking pure economics in ~~a~~ ^{a true} situation. It's very difficult to get ~~the~~ economic comparisons. What you are trying to do is assess the best package and ~~and interpret the~~ my own interpretation of the whole process that we were going through was that we took proposals from these people on what I would call very broad performance material.

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(Mr. Sissons)

We looked at them. We said there is very little to choose between them on direct economic grounds, ~~so~~ so ~~that~~ we have to take a look at the whole package - the whole approach. ~~and~~ Again, using Y and R as an example, they offered us essentially the same building that they had offered us on the College Street site and they said that a commercial area was out as far as they were concerned.

Well, we were keenly interested in having a commercial area if this was economically viable. ~~On~~ On the other end of the scale, Canada Square was the developer who gave us the best outlook on the commercial area. ~~that~~ that is the largest amount of space and the best dollar quotation on it. ~~as there~~ There were all these judgements in there, you see, ~~and~~ I'm not sure that I'm following your question exactly but ^{there} ~~it~~ didn't seem to us to be too much point in going back, for instance, to Y and R, saying, "Look, we don't like your refusal to go along with a commercial area and we don't particularly like your type of building you are proposing. ^U Would you do something else and let us have a look at it?" ~~and~~

Mr. Renwick: Mr. Sissons, I would have thought myself that there would have been some indication that having submitted what are designated preliminary proposals, the developers on the one hand and Hydro on the other, would have moved into a more sophisticated stage of the development proposal suggestions, ^{would} ~~and~~ ^{have} in refinement of what each of the developers had prepared in a preliminary way, asked for something called a final proposal after you had ~~established the bases on which~~

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(Mr. Renwick)

~~Our meeting called a final proposal after you had~~
established the bases on which adequate comparison of those
comparable matters could have been assessed by ~~the~~ Hydro.

Mr. Sissons: Well, ~~that~~ that would be one way of
approaching it, certainly, and had there been a real indication
that we weren't satisfied with any of the proposals, then I
would think that would've been what happened. But, another
way of approaching it, ~~the~~ the one we chose, is that
we looked at what we ~~were~~ ^{had} receive and we decided that one
of these proposals looked satisfactory to us, looked ~~in~~ good
to us, if we could hammer out the right kind of ~~contract~~ contract.
We ~~have~~ ^{have} been ~~through~~ through here, over a ~~period~~ period of several
days, the reason that we had ~~strong~~ strong feelings as to the
competence and the capability, had a strong feeling of
confidence about the proposal of Canada ~~Square~~ Square. And there
were two principal criteria -- I am not sure whether ~~they~~ they are
mentioned in this ^{to the Commission} Memorandum ~~which~~ ~~was~~ ~~very~~ ~~important~~ ~~to~~ ~~some~~ ~~of~~ ~~us~~ ~~at~~ ~~least~~ ~~one~~ ~~being~~ ~~this~~ ~~question~~ ~~of~~ ~~an~~ ~~integrated~~ ~~approach~~ ~~to~~ ~~the~~ ~~job~~ ~~that~~ ~~is~~ ~~in-house~~ ~~capability~~ ~~whatever~~ ~~you~~ ~~want~~ ~~to~~ ~~call~~ ~~it~~ ~~And~~ ~~the~~ ~~second~~ ~~thing~~ ~~was~~ ~~the~~ ~~commitment~~ ~~to~~ ~~one~~ ~~large~~ ~~job~~ ~~at~~ ~~a~~ ~~time~~ ~~giving~~ ~~undivided~~ ~~attention~~ ~~to~~ ~~one~~ ~~large~~ ~~job~~ ~~at~~ ~~a~~ ~~time~~ ~~Both~~ ~~of~~ ~~those~~ ~~things~~ ~~were~~ ~~qualitative~~ ~~but~~ ~~they~~ ~~impressed~~ ~~us~~ ~~as~~ ~~being~~ ~~very~~ ~~significant~~ ~~and~~ ~~there~~ ~~didn't~~ ~~seem~~ ~~to~~ ~~be~~ ~~anything~~ ~~very~~ ~~significant~~ ~~to~~ ~~choose~~ ~~between~~ ~~the~~ ~~proposals~~ ~~on~~ ~~a~~ ~~dollars~~ ~~and~~ ~~cents~~ ~~basis~~.

Mr. Renwick: But ~~from~~ from the point, Mr. Sissons ~~from~~
-- and ~~you~~ ~~know~~ ~~this~~ ~~is~~ ~~something~~ ~~which~~ ~~the~~ ~~committee~~
is going to have to draw a conclusion, so I want to be satisfied
in my own mind.

Mr. Sissons: Yes.

Mr. Renwick: ~~what~~ ^{what} what we were really talking about
was ~~the~~ the competition, and the competition would
mean, in my assessment, ~~the~~ comparable submissions which

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(Mr. Renwick)

could be compared in a financial, commercial, economic, ^{qualitative} ~~and~~ ^{sense} ~~and~~ ~~and~~.

Mr. Sissons: Yes, and I think they were. My understanding was that they were. They ^{quoted} ~~quoted~~ specific rates on commercial areas; they quoted specific ~~rates on~~ leasing rates, and so forth.

Mr. Renwick: So I take it that I may conclude that Hydro felt it had a fair assessment of the field in going only to those developers who had made an approach to Hydro?

Mr. Sissons: Well, that's a different question ^{with} ~~with~~ respect ^{to} ~~to~~.

Mr. Renwick: Well, I have two questions.

Mr. Sissons: Yes.

Mr. Renwick: I don't want to take up unduly ~~and~~ the time of the committee. I have two questions on this aspect of it. I take it that Hydro is ^{bi} ~~satisfied~~ that it had made its survey of the field of developers simply by going to those four or five who had made an initial approach to Hydro?

Mr. Sissons: I would put it in a different way, sir, with respect, and I think I've said this before, that we ~~we~~ ⁸³ ~~approached~~ five developers, not four, who ^{fe} ~~we~~ thought ~~that~~ ~~they~~ might be fully qualified to handle this job for us. We did not approach two others who, for one reason or another, we felt ~~we~~ ^{because} didn't want to approach ~~that~~ they might not be able to give us the best attention on the job, and from where I sat, at any rate, we didn't know of any other developers who ~~we~~ could, in ~~the~~ effect, prequalify as having all of the qualifications necessary to do this job. We did have some concern, as I've said before, about one of the developers who did, in fact, quote on this job, in terms of this real qualifications ^{for it} ~~point~~.

Mr. Renwick: And I take it that Hydro felt that it was able to make a fair and adequate comparison of the proposals which were ~~a~~ submitted even though they were on the basis of

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R.E.S.

H-350 - 3

(Mr. Renwick)

preliminary proposals ~~from~~ of those developers?

Mr. Sissons: ^{Yes,} We felt that we were able to make a fair and adequate comparison of all essential respects of the proposals that were submitted, yes.

~~Mr. Renwick: Now, if I may turn, Mr. Chairman, to the period of the commission meetings from June 29 to July 12.~~

(Tape H-351 - 1 follows)

H0351-1 ✓

Mr. Renwick: Now if I may turn, Mr. Chairman, to the period of the commission meetings from June 29 to July 12. My understanding, just to clarify the point, is that the commission did not discuss the head office matter from the summer of 1971 until the summer of 1972, and specifically they were asked to give no consideration to the problem until June 29 of 1972?

Mr. Sissons: I think that is right. I think there may have been various casual reports, and the fact that we were trying to assemble that as a first report, and so forth, but they did not officially consider ~~that~~ ^{IT THEN AND MR. GATHERCOLE MADE THAT CLEAR.}

Mr. Renwick: And that on that date they asked for a deferment for further information, and approved it on July 12?

Mr. Sissons: I don't think it was July 12. I ^{HAVE N'T} ~~haven't~~ these documents in front of me. I think it was the 19th, was it not?

Mr. Deans: The 12th.

Mr. Renwick: Perhaps you could help me, Mr. Shibley, on this.

Mr. Sissons: At the July 12 meeting the recommendation was again discussed, but briefly, bearing in mind, —

Mr. Shibley: Exhibit 80.

Mr. Sissons: Mr. Renwick, that at this time we were, as I recall it, well into a very, very serious strike which was threatening the operation of our whole system.

Mr. Shibley: Excuse me, Mr. Sissons, I think exhibit 80 is a memorandum of a meeting of the commission on July 12, when authority was given by the commission to negotiate with Canada Square. Then it came ~~on~~ before the commission again on July 19, as indicated by exhibit 84, which references the earlier two meetings of June 29 and July 12. The meeting of July 19 is exhibit 84. So the first approval to negotiate was on July 12, exhibit 80.

Mr. Renwick: Well it may be that the extra seven days is of some significance, but not of any particular significance. It seems to me that my question really is, what took place between June 29 and July 12 so far as the commission ^{was} ~~is~~ concerned to provide the commission with any further or additional information on the basis of which they could come to the conclusion, apparently on

H-351-2

(Mr. Renwick)

July 12, but certainly on July 19, that it was Canada Square that was going to get the contract?

Mr. Sissons: I don't know that anything did. I stand to be corrected on this. I haven't any documentation in front of me. But I believe that Mr. Nastich raised certain questions after the June 29 meeting, and there was activity ~~am~~ in the bullpen ~~am~~ ⁱⁿ that area. But to what extent that was representative of the commission I don't know. The original memorandum, as I recall it, stood over for further consideration.

Mr. Renwick: If I may ask two general questions, Mr. Chairman, of Mr. Sissons. Did Hydro make any payment of any kind to anyone in connection with a so-called finder's fee related to this project?

Mr. Sissons: No sir, not that I'm aware of.

Mr. Renwick: There ~~was~~ ^{was} no extraordinary payment of any kind that you are aware of by Hydro?

Mr. Sissons: I'm puzzled as to why you would ask that question.

Mr. Renwick: I'm curious as to whether or not any payment was made to Mr. Brooks of any kind?

Mr. Sissons: Good heavens, no.

Mr. Renwick: None whatsoever?

Mr. Sissons: None whatsoever.

Mr. Renwick: Although you end up with Canada Square as a result of a telephone call which originated with Mr. Brooks to you?

Mr. Sissons: I find that a very strange question if I may say so.

Mr. Renwick: I don't mean to be obnoxious or difficult. I want to clarify the point, that's all.

Mr. Sissons: ^{Had} any such payment been made it would have had to have been made by official decision of the commission.

Mr. Renwick: So you have no knowledge of any kind of payment?

Mr. Sissons: Certainly not.

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Mr. Renwick: And a further general question, Mr. Sissons. Have you been engaged at any time in collecting funds for any political party?

Mr. Sissons: No sir.

Mr. Renwick: Never at any time?

~~Mr. Sissons: Never.~~

H-352-1 follows

H-351-2

(Mr. Renwick)

July 12, but certainly on July 19, that it was Canada Square that was going to get the contract?

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Mr. Sissons: Certainly not.

H-351-3

Mr. Renwick: And a further general question, Mr. Sissons. Have you been engaged at any time in collecting funds for any political party?

Mr. Sissons: No sir.

Mr. Renwick: Never at any time?

~~Mr. Sissons: Never.~~

H-352-1 follows

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H-352-1

~~(Mr. Renwick)~~

~~you get engaged at any time in collecting funds for any political party?~~

~~Mr. Sissons: No, sir~~

~~Mr. Renwick: Never at any time?~~

Mr. Sissons: Never at any time.

Mr. Renwick: Thank you.

Mr. R. G. Hodgson: Mr. Chairman, may I ask a question?

Mr. Chairman: Yes. Glen Hodgson.

Mr. R. G. Hodgson: Mr. Sissons, Exhibit 25, which
^{Committee meeting minutes,}
is the general manager's ~~minutes~~ I take it from ~~the~~ the
discussion up until this point in time that you were very
interested in receiving or recovering something of the original
plans and the work that had gone into it, the design work and
so on; you were very interested in recovering some of that money
expended, if you could, ^{whoever} ~~the~~ the developer would be.

Mr. Sissons: Yes, we were greatly concerned about
it, I can assure you.

Mr. R. G. Hodgson: Well, it appears in one of the
other documents that there was a set of those plans given to one
developer back in August. And it seems a little odd to me that
these other developers didn't get copies of those plans to see
if they could recover some of the money that you were interested
in recovering. Does that not seem a little odd?

Mr. Sissons: Well, that is certainly an understandable
question. What happened again was that time passed on here and
as we discussed rather fully the other day, November 25 was the
last kick at that particular cat and then it was decided that
"Brother" Sissons was out of order and there was no way we were
going to ~~achieve~~ achieve
going to ~~achieve~~ any such thing as salvaging those plans. So
that, from that time on, if I could just amplify that a bit, from

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(Mr. Sissons)

that time on we were back to the basis outlined in my memorandum of November 22, in which I strongly recommended a selective approach to the developer field based on our existing plans ~~being~~ having to be considered largely obsolete.

Mr. R. G. Hodgson: Mr. Sissons, in saying that those plans were no longer of any great value, you would have had certain reasons for that ^{BEING} established, which ^{it} seems to me ~~that~~ would have easily been identified in relation to the previous plans.

Mr. Sissons: I am not sure I am following you.

Mr. R. G. Hodgson: ~~But the reason that you wouldn't~~ the parts that you wouldn't be able to use in the original architectural design and plans would be easily identified.

Mr. Sissons: Oh no, I think it was a much bigger issue than that; ~~perhaps~~ perhaps this will come out when, as I understand, Mr. Shibley wants to call some evidence on the nature of the original building. ~~It~~ It was really a fundamental recasting of the whole approach to building, which was occasioned by a variety of factors, including this open-office landscaping ~~business~~ business which required special acoustics and what-not, and a more modular form of building with a commercial area which I think we don't want to hang our ~~hat~~ hat on unduly but some of us felt it was, looking 30 years ahead, ~~of~~ of very great significance bearing in mind that we were going to inherit whatever any earning power it would have 30 years down the road and carry it hopefully with some little profit in the meantime.

Mr. R. G. Hodgson: Would one of the reasons for the change of plans be the Task Force Hydro and the future structure of Hydro?

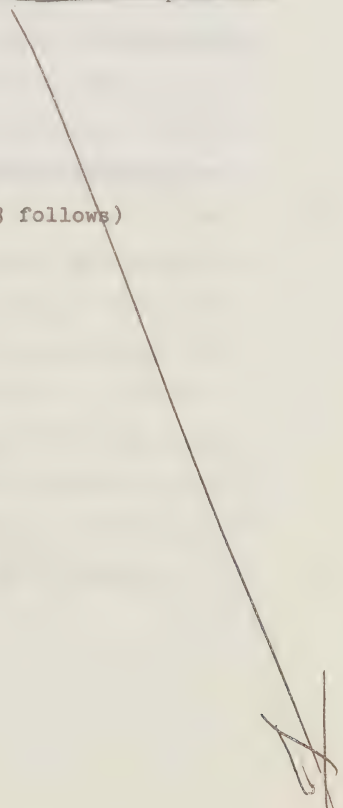
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Mr. Sissons: No, I - we could perhaps ask Mr. Gordon that if he is before you. I can't see any real connection between the two.

Mr. R.G. Hodgson: Another thing I would like to ask you: How ~~was~~ ^{THOROUGHLY} was the idea of decentralizing to another part of the province ^{EXPLORED?}

Mr. Sissons: Well, it was explored quite ~~thoroughly~~ ^{THOROUGHLY} over a period of years. In fact, we had sort of one ~~study~~ ^{STUDY} after another and if I may say so, I don't think it is ~~strictly~~ ^{STRICTLY} a question of decentralization - and again Mr. Gordon can talk with more ^{author} authority on this - we do have regional offices, as you know, the problem with our head office is the central facilities ~~THAT YOU NEED~~ for design engineering, operating the system in terms of central control, financing, treasury function or central procurement function, which is ~~a mammoth operation~~

(Tape H-353 follows)



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C.B.

(Mr. Sissons)

~~in terms of central control, financing, treasury~~
~~function as central procurement function which is~~
a mammoth operation, central real estate planning, ~~and~~
~~so forth~~, right of way planning and so forth, the
whole system planning ^{all} of this sort of thing which
you can only decentralize to a ~~some~~ point, as I'm sure
you can understand. So ~~perhaps~~ perhaps the question
you are really asking ~~us~~ ^{us} did we give some serious thought
to actually moving the head office out of downtown
Toronto, ~~and~~ the answer is, yes we did, ~~and~~ we didn't
know where on earth we could move to that would be
anywhere near as good in terms of centralized transportation
facilities and the ~~year~~

Mr. R.G. Hodgson: ^{and} quality personnel available?

Mr. Sissons: Well ~~you~~ ^{we} were drawing a very highly
~~diversified~~ diversified staff from a ~~radius~~ radius of say
30 miles ~~away~~ and it is pretty hard to beat ~~that~~ ^{that}. You
see, ^{if} you go up to Willowdale, pick another central location,
~~and go up to Willowdale~~ you haven't got a good east-west
transit system and it may be sometime before you do. So
there were all these factors came into it. I could say
just generally that I think there was a lot of pressure
on us from one particular ^{gentleman who has} ~~gentleman that's~~ been sitting
in the House for some years, to get out of downtown Toronto.
I think at one time he thought it would be quite nice if
we could move out to his riding. But everytime we looked
at it we found, we thought, more convincing evidence that
there was nothing to be gained by moving out and a lot to

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C.B.

(Mr. Sissons)

lose since we already had certain basic facilities such as a printing plant, ~~and~~ a computer organization, ~~and~~ a parking garage and so forth, and we are at the hub of a very good transit system.

Mr. R.G. Hodgson: The other thing I wanted to ask you in relation to exhibit 25, ^{is that} the writing up at top is yours I presume, ^{indicating} copies to Mr. Preston, Mr. Dean and Mr. Knautz?

Mr. Sissons: I'm sorry, I didn't.

Mr. R.G. Hodgson: Is the handwriting at the top of the memo yours?

Mr. Sissons: No, I think this must have been from Mr. Nastich's file because I see the name of one of his favourite lady friends there by the name of Irene. I think he says, "Please give WP," which is Walter Preston "a copy" and then I've lost it from there. But Preston, Dean and Knautz were all on his staff.

Mr. R.G. Hodgson: Do you have an agenda for such meetings as this?

Mr. Sissons: We usually do have. WE had one this morning and it had about 17 items on it. I don't know whether this was a full agenda or whether this was the only item in the meeting.

Mr. R.G. Hodgson: Do you recall your testimony, it was called mainly to discuss the transformer station.

Mr. Sissons: Yes, that's where it started, yes.

Mr. R.G. Hodgson: Don't you think it is funny

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(Mr. R.G.Hodgson)

that Mr. Witbeck led off the ~~discussion~~ discussion?

Mr. Sissons: Pardon?

Mr. R.G. Hodgson: Isn't it odd that Mr. Witbeck would lead off the discussion with regard to head office area?

Mr. R.G. Hodgson: NO, because Mr. Witbeck was concerned without long-term head office facilities, that's his basic function, and this ~~transformer~~ transformer station was ~~going to~~ going to chew off a piece of the total site and limit ~~the~~ flexibility ~~and~~ in the very long term.

Mr. R.G. Hodgson: The note at the top, ^{indicating} items one, two and three for Mr. Easson, what would that be referring to? ^{Items} ~~one, two and three~~ one, two and three to Mr. Easson.

Mr. Sissons: ~~Yes~~ I don't really know ~~what~~ what that means. I take it from that that there were other items on this agenda, I think there probably were, and that he was present for items one, two and three, ~~and~~ ^{and} on copies were sent to him, or something of that sort.

Mr. R.G. Hodgson: Thank you, Mr. Chairman, ^T that is all I want to ~~ask~~ ask.

Mr. Chairman: Any other ~~was~~ questions? Mr. Allan?

Mr. Allan: Mr. Chairman, one very brief clarification if I could. Mr. Shibley was inquiring as to whether or not Mr. McCallum had anything to do with the discussions previous to the choice of the developer, and I wasn't sure whether you gained that information or not. If you did, I didn't seem to get it.

Mr. Shibley: Mr. Allan, I think it's clear that there was no ~~consultation~~ consultation with Mr. McCallum prior to the choice of Canada Square as the developer

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fxx

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fvk

~~(Mr. Shibley)~~

~~...as the developer~~ with whom the final set of negotiations should be undertaken.

Mr. Allan: My feeling at first, that is throughout the meetings of the committee, ~~was~~ was that ~~the~~ Mr. McCallum's expertise was to be used in the framing of the agreement after the developer had done so. Is that a proper appraisal?

Mr. Shibley: Yes, except, I think, in fairness to Hydro, certain ~~very~~ important elements of the agreement were ~~ed~~ negotiated after Mr. McCallum entered the ~~scene~~ scene.

For example, there were negotiations as to the participation in revenues from ~~the~~

Mr. Allan: I think I understood that.

Mr. Shibley: Fine. But as to the basic terms of the four proposals the chronology runs something like this.

After November 25, proposals were received, all of which I believe, were in hand by January 24. There was a report by Mr. Candy dated February 1 of a preliminary nature. Some further reviews reported upon in memoranda by in-house people at Hydro. A comprehensive report of April 10 by Mr. Candy and Mr. Mink wherein a comparative evaluation was made of the four developers and a recommendation was made. And I think Mr. Sissons has agreed that the selective process really was at an end as at that time.

Mr. ~~Max~~ McCallum was not retained until following the meeting of July 19 of the same year at which the commission instructed he be retained.

Mr. Allan: Thank you very much.

Mr. Sissons: You recall that Mr. Nastich made that recommendation and he made the recommendation ~~from~~

Mr. Shibley: Yes.

Mr. Sissons: ~~—~~ because Mr. McCallum had worked with Mr. M Nastich on another matter ~~and they~~. But if I might just add one more thing, Mr. Chairman, ~~in relation~~ in relation to that question, ~~of~~ ^{of} ~~Mr. Allan's~~ ^{I think} there still is some element of confusion ^u

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fvk~~(Mr. Sissons)~~

overshadowing ~~the~~ the point at which the selective process had reached an end and a hard negotiating process began. I think this is a very common situation in industry ^{on} ~~in~~ a thing of this sort. One tends to narrow the field down by whatever process and then decide who you're going ~~in~~ to negotiate a contract with. That's a very specific thing. You, ^{yourself,} ~~yourself,~~ Mr. ^{Shibley} ~~Shibley~~ were raising the question as to, you know, should we perhaps have negotiated with more than one person in this final stage. My own strong feeling is that we should not have, ~~that~~ this kind of whipsawing or horsetrading, or whatever you want to call it, is not the kind of thing that is productive. Apart ~~from~~ entirely from any question of business philosophy, I don't think that many people would subject themselves to this when the chips were down and ~~that~~ that one is always in danger of losing a good deal entirely if one indulges in too ~~much~~ much of that. Now, that's a matter of judgement but I would say that at Hydro we have always ~~we~~ studiously avoided this kind of ~~horsetrading~~ horsetrading, as some of our people call it, ^w whether that's the right term or not. It seems to me you reach a point ~~at~~ at which you have to make a decision ^{as to} which way you're going to go and then you put on the negotiating gloves and do the best you can.

^{to know} ~~Mr. Shibley~~ Mr. Shibley: I think it is important for this committee when you reach that point. Do I take it that point was reached at the latest on April 10, 1972?


Mr. Sissons: Well, I guess it was reached in my mind at that time. It was only reached by the commission when they had the memorandum before them and when they made that decision authorizing negotiations to be completed with Canada ~~Square~~ Square.

Mr. Shibley: Of course, the commission acted ~~in~~ upon the report filed with it?

Mr. Sissons: That's right.

Mr. Shibley: That would be the June 23 report?

Mr. Sissons: Yes, but the -



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Mr. Shibley: And it also had before it, or Mr. Nastich had with him the April 10 report?

Mr. Sissons: Right.

Mr. Shibley: Talking in ~~these~~ terms of commission decision-making, they were relying upon the reports that had been worked out?

Mr. Sissons: Yes. That's ^{our} ~~the~~ standard procedure, but I should just add to that too that ~~the~~ ^{as} the chairman emphasized, supposing we had not been able to hammer out a ~~contract~~ contract that we were satisfied with with ~~Canada Square~~ ~~in the extra closing stages~~.

(Tape H-355 follows)

(Mr. Sissons)

~~...the point I am making is~~
Canada Square in the closing stages, we would, hopefully, still have been able to turn back and negotiate with someone else. ~~...~~
~~that~~ the point I am making is ~~...~~ I don't think it's realistic or practical or sound to negotiate with two people at once in a situation of that sort.

Mr. Chairman: Mr. Gaunt.

Mr. Gaunt: Mr. Chairman, I just want some help from Mr. Sissons, because I think you would agree, would you not, that it is important from the commission's point of view that you appear to have given every one of the ~~...~~ five developers, equal opportunity to compete.

Now, using that as a basis, and also bearing in mind the fact that during this period from July, ~~...~~ 1971, until April, ~~...~~ 1972, Canada Square did have a copy of the plans — I believe they obtained those plans in August, ~~...~~ 1971, there were contacts made on a more or less regular basis, as I read the evidence, between July, ~~...~~ 1971, and certainly April, 1972, and, of course, beyond. But for my purposes I'll just use April, ~~...~~ 1972, in comparing it with the other procedures that were used with respect to the other developers.

You indicated that you didn't want any drawings submitted from the other developers, that these proposals should be in the form of summary proposals only, as I gather it, ~~...~~ Yet Canada Square did come in with a set of drawings; they did come in with a more detailed proposal than the other developers, as I read it, ~~...~~ I want to ask you in that light, Mr. Sissons, it appears to me that Hydro, having indicated the guidelines to the other developers, which seem to be somewhat different than Canada Square ~~...~~, at least to the extent I've mentioned, does it not appear to you that Hydro, having laid out these stipulations to the other developers, that these things were then used against the other developers in Hydro's assessment of the particular proposal?

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Mr. Sissons: That is quite a complex ~~question~~ ^{question}, I think there are about five or six questions there. I'll do my best with them and then you tell me whether I have covered them all.

First of all, a correction of fact; There were contacts with other developers as well during the period that you are speaking of. Mr. Candy will be referring to that. The other developers did all have access to those plans, though not at precisely ^{at} the same time. Canada Square did not retain the plans; they had a look at them; they did submit some ~~architectural~~ architectural concepts, when they submitted their ~~proposals~~ ^{got} proposals, but they ~~had~~ ^{got} no credit for that, as far as I am concerned; They were asked not to; They had shown, I think it's fair to say, some considerable initiative and aggressiveness in their interest, in this contract which I think is evident from the documentation which we talked about here.

Mr. W. Newman: I am sorry, I can't hear you.

Mr. Sissons: I am sorry. Canada Square had shown considerable initiative and aggressiveness in connection with their desire to build this building which has been evident ~~xxx~~ throughout our discussions here, ~~and~~ I think it's fair to say that this was the cause of a good deal of concern to both Candy and myself because this wasn't the way we were trying to play the game; We were trying to keep it on exactly the basis that you were speaking of, with everybody, when we decided how we were going to do this; and that was the first thing, to decide whether the lease-purchase thing ^{made sense} ~~was a good way to go at it~~ and whether this ~~was~~ was a good way to go at it,

(Tape H-356 follows)

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B.G.

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(Mr. H.J. Sissons)

~~we were going to do this, and that was the first thing, to decide~~
~~whether to leave whatever thing made sense, and whether this was~~
~~a good way to go at it, that everybody would in fact be on an~~
equal footing. ~~and~~ So that I emphatically say that I don't think
that those plans were of any particular benefit to Canada Square
once we had reached the decision that we were not going to salvage
those plans, that we ^{were} going to have to start with a totally new
concept.

Every one of the developers, you know, had a general
concept in mind, I am sure. As I mentioned, Y and R had the
concept that they were hoping to build on the Eaton's College
Street site, and this was specifically depicted in configuration
and everything else. Horizon, I believe, also had a rough
concept in mind, and showed it to Mr. Candy and Mr. Deans, and
talked to ^{them} ~~him~~ about it, and so forth. So that, I think with
respect, we are getting off base if we attach too much importance
to a seeing of those plans, once we had crossed the bridge that
we weren't going to ^{be} salvaging them.

Mr. Murray Gaunt (Huron-Bruce): You mentioned that there
were

Mr. Chairman: Do you have many more questions?
I thought we might recess if you did, because Mr. Deans has
indicated he wants to ask some as well. So that we will recess
for ten minutes.

Mr. Gaunt: Thank you.

(Tape H-357 follows)

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fvk

(Mr. Chairman)

~~...from we will ask you to take your seat and~~
Mr. Gaunt, if you will continue.

Mr. Sissons: I'm glad you didn't put me between these two tables, Mr. Chairman.

Mr. Chairman: We were going to gradually close them.

Mr. Gaunt: Thank you, Mr. Chairman. Mr. Sissons, I gathered from what you said that in your view, and in the view of other Hydro officials, ~~that~~ the reason that there were more meetings and, first of all, would you agree that there were more contacts made between Canada Square officials and Ontario Hydro officials during that period, July 1971 until April 1972?

Mr. Sissons: I haven't any means of commenting on that accurately ~~or~~ statistically. That's probably so, but there were quite a few meetings with some others too.

Mr. Gaunt: You would agree that, based on the exhibits we have, it would tend to indicate that that was so. Would you agree with that?

Mr. Sissons: Yes, but Mr. Candy would really have to comment on that because he would have ~~entries~~ entries in his ~~diary~~ diary and what not. I don't know whether you've seen those.

Mr. Gaunt: I gather from what you said just before we recessed that officials at Canada Square were quite aggressive in promoting their desire to be of service to Ontario Hydro in building this new head office building?

Mr. Sissons: I think that's true.

Mr. Gaunt: And I think that you implied that it was almost to the point of being embarrassing? *is that an accurate statement?*

Mr. Sissons: Well, yes, I don't say that in any critical sense. It's just that we weren't ready to decide how we were going to handle this. We were still studying it. We were studying a whole lot of questions, ^{including} ~~due to~~ the salvaging, ^{of} the plans and so forth. I've said that I was impatient to get on ~~the~~ with the job but they were being quite aggressive ~~aggressive~~

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fvk

(Mr. Sissons)

about it too.

Mr. Gaunt: So it's fair to assume then that they were almost on a continuous basis pressing you to ^{get} ~~give~~ some response?

Mr. Sissons: No, not throughout that whole period.

Mr. Gaunt: When did they exert more pressure?

Mr. Sissons: I can't ^{comment} ~~say~~ ~~that~~ on that. I don't know that they exerted any particular pressure at any time, but they were certainly enthusiastic ~~about~~ about the job from the day that Candy first spoke to them about it. They saw him then a couple of months later, I believe, and so forth. But he could comment more intelligently on that, I think.

Mr. Gaunt: But just to make the matter absolutely clear, Canada Square was more aggressive than the other four ~~and~~ ~~the~~ developers when it came to contacting Hydro.

Mr. Sissons: I don't know. Ellis-Don were quite aggressive too.

Mr. Gaunt: So then as far as you're concerned everyone had an equal opportunity in this matter?

Mr. Sissons: That was our intention, certainly, yes.

Mr. Gaunt: ~~As far as you're concerned you don't on the basis of this matter, based on the exhibits that we have and the evidence which has been submitted appear to me that we could that.~~ Do you agree, ~~that~~, based on the evidence and the exhibits, that the matter was dealt with in a way which appeared to be to the disadvantage of the other developers aside from Canada Square?

Mr. Sissons: No, I certainly don't agree it was handled in that way. I think what has been causing confusion and misunderstanding all the way along here is that there were two stages for this thing. One was an exploration stage and two, was the stage of receiving proposals and then ^{trying to} ~~kind of~~ evaluate those proposals and decide where we went from there.

Mr. Gaunt: Let me turn ~~now~~ now to the matter of pro-rating. This matter interested me greatly. I think it's very important.

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1M Mr. Sissons: Yes.

Mr. Gaunt: I was wondering who made the decision to pro-rate on the particular basis which was done?

Mr. Sissons: I think I observed the other day, and I haven't ~~check~~ checked this any further, my understanding was that the process originated with our financial people, ~~the~~ ^{the} judgement as to the level of pro-rating, that is the per square foot cost objective that we should have in front of us, was an architectural judgement.

~~Mr. Gaunt: So then, essentially, the decision was~~

~~Mr. Candy's, from what I~~

(Tape 358 follows)

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JLP

~~(Mr. Sissons)~~

~~architectural judgement.~~

Mr. Gaunt: So, then, essentially the decision was Mr. Candy's, along with your financial people?

Mr. Sissons: That's right. It was a matter of finding ~~the~~ ^{the} right way of evaluating the proposals that we had in front of us. Mr. Candy will explain, I am sure, very fully why he felt that we couldn't achieve the type of building that we felt was necessary and desirable in such a highly inflationary economy as we are in today for less than \$34. That was his judgement. The process for doing it ~~was~~ came from the financial people.

Mr. Gaunt: Did you, or were you asked to make any judgement as to the —

Mr. Sissons: No, but I am very glad you asked this question because my feeling right from the start has been that, as a pragmatic matter of sort of contract administration, this contract that we have is really what I would call an "upset price" contract. It says that if the price goes beyond \$34 a foot, it shall be at the cost of the developer; it says that if any saving below \$34 a foot is achieved, he will have an incentive of a one-quarter share of that and we will receive three-quarters, and I think that the woods are full of contracts of one kind and another which have been negotiated at such a tight price that the performance has been somewhat ~~xxx~~ disastrous or somewhat less than desirable. As a matter of fact, we spent an hour or so this morning discussing three very difficult cases at the manufacturing level where exactly that had taken place. These were ^(competitive) on ~~separate~~ tenders by the way. But, however, all three contracts were in serious jeopardy because they were taken at ~~the~~ too low a price.

So, I'm a firm believer on a thing like this, especially one that has a time-span running with it, that you want to make sure your targets give you room to ~~make~~ ^{meet} the contingencies that come along while the job's in progress, and then have some incentives to reducing the costs if you can.

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JLP

(Mr. Sisson)

And ^{as} I was mentioning earlier, we have got, we hope, elbow room in this contract to be able to work into it some special features that we haven't yet been able to decide upon because they are still under examination, still under debate, ~~and~~ Yet the building is going full-speed ahead and not being held up while these decisions are pending. So, as a matter of contact procedure, I think this is a very good basis for contracts.

Mr. Gaunt: I wasn't thinking so much about the matter of the \$34 bench-mark, and the establishment of that so-called bench-mark, in Mr. Allan's ^S words, but rather the matter of pro-rating the other submissions, such as ^{the} \$26 per square foot, \$30 per square foot submission, ^S pro-rating those various amounts up to the \$34 level. And really what I was wondering, and what I was ultimately coming to, do you feel that that particular system of pro-ration would give you an accurate comparison?

Mr. Sissons: Yes, I do. Again our financial people will have to verify this but as far as I know it's an accurate mathematical way of doing it, ~~and our judgement~~ ^{Candy's} Mr. ~~Kennedy's~~ judgement ~~was~~ that we were not likely to achieve a building of the quality that we required, looking ahead and trying to get the best technology into a building that we are going to inherit ~~for~~ ⁱⁿ thirty years, ~~and we are~~ ^{well} not likely to get this at less than \$34. So that you have just got to find some way of evaluating these proposals that fit that picture.

I further understand that had we picked some other figure than \$34, say \$28, and evaluated down to that level, ~~and~~ it wouldn't have affected the competitive ~~side~~ ^{standing} of the proposals.

Mr. Gaunt: In your view, or based on your knowledge, was the \$34 figure arrived at in comparing it with the OISE building? Or was it arrived at simply by saying, "Well, we could have built at \$29 a square foot in 1968, and, given the 25 per cent increase which has taken place between 1968 and 1972, it is now \$34 a square foot." Was it either one or the other or a combination of both?

Mr. Sissons: No, the advice that I was drawing on was the latter, not the OISE building; that's not a building that's in comparable use at all. I know nothing much about the merits of the OISE building in this kind of a context, ~~it's not~~, it represented a level of quality generally that seemed to us to be about what we were looking for; but its use, of course, is entirely different and some of the special-purpose facilities ~~are~~ in it are entirely different. ~~That~~ That was not an apt comparison, nor was it one so far as I am aware that was really used.

We did pay some attention to what we understood to be building indices from the Toronto Real Estate Board or whatever they call themselves; sort of averages in the ^(take of) ~~way to~~ cost ^{% of various} ~~of~~ qualities of building. But I think Mr. ^{Candy} ~~Kennedy~~ was ^{relying} ~~drawing~~ heavily, ~~and~~ and certainly he discussed ~~this~~ ^{it} with ~~me~~ ^{me} fully on this basis, ~~drawing~~ ^{relying} heavily on the costing we had on the previous design and what had happened to construction costs in the meantime, which made this figure look conservative ~~I think~~ ^{if anything.}

~~Mr. Chairman: Mr. Deane.~~

~~Mr. Deane: Thank you.~~

(Tape H-359 follows)

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M.T.

h-359-1

~~(Mr. Sissons)~~

~~in the meantime which made this figure look conservative, if anything~~

Mr. Chairman: Mr. Deans.

Mr. Deans: Thank you. Mr. Sissons, it's fair to say you are more familiar with this whole matter of the building now than you have ever been. I want to ask you whether you could tell me in a nutshell what it was about the Canada Square proposal that made you decide that it was in the best interests of Hydro to go ahead with them rather than with either of the other three major developers?

Mr. Sissons: Well, I would say, if you made the assumption that there was little to choose between them economically, that the two things set out in my mind, and this is only my own personal view, but I think it weighed heavily on other people's minds too, was this so-called in-house capability or integrated approach ~~a~~ to the job which is quite unusual in this industry as I understand it. What some people have called the support package, the price of the person and the personnel all in one package; this company had a good deal of its own equipment, it had its own construction ~~and~~ organization, and I was very impressed with the need for ~~speed~~ speed, as I think I have made very clear, the fact that an organization ~~that~~ ^{that} had this kind of capability in its own house stood a better chance of overcoming the many and varying risks that one finds in the construction today, and ~~that~~ get this job done quickly. The other thing, as I mentioned, was this dedication to one's major job at ~~all~~ ^{at} time, and I think you can see why this company has this policy, I am only speculating on this, but if you ~~have~~ ^{and} own your own equipment or some part of it ~~and~~ you have your own construction organization, then what you try to do is keep it fully utilized, I suppose. And ~~this~~ ^{this} may explain one of the reasons they were so aggressive in their pursuit of this job. But as I indicated before, this is the kind of thing

↓

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M.T.

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~~Handwritten scribbles and markings~~

we try to do at Hydro; we try to take work right off the drawing board and put it out into the field while the design is still going on; we try to build and compress the construction ~~the~~ cycle. So that I think those two things, plus their interest in or enthusiasm for, if that's not overstating the case, the commercial area, weighed heavily in my mind, because again I don't think anybody is going to argue about the expertise of people like Y and R who

Tape H-360 follows

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R.E.S.

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(Mr. Sissons)

~~... time, because again, I don't think anybody is going to~~
~~argue with the expertise of people like V and R who~~
~~had been turned thumbs down on the~~ ^{commercial}
area right at the outset. I think this is something that
obviously has to be promoted from the ground up, but when
it's being promoted at somebody else's expense; ~~Hydro inherits it~~
~~Hydro inherits it~~ 30 years from now. Now
that may seem like a long time, but ~~the~~ the last 30 years have
passed by too fast. And ~~so~~ that ~~I think~~ ^{was a} pretty
convincing third-position factor in my mind. None of the
other developers were that confident about the commercial
space, ~~and~~ ^{and} ~~we were~~ offering ~~the~~ really, the same ^{price} ~~space~~ for
it in terms of total space and compensation.

Mr. Deans: Let me ask you, ~~in~~ in what way do
Canada Square differ in their in-house capacity from Horizon?

Mr. Sissons: Well, Horizon, I would say, is really
a management concern ^{and} a very good one according to my
limited knowledge. They tend to know ~~how~~ how to arrange
~~financing~~ financing. They tend to be pretty good at visualizing
what's needed for a particular job. They probably retain
different ~~an~~ architects, whereas, as I understand it, Canada
Square retains an architect from one job to the next one, more
or less ^{on a} standing retainer, so that he knows ^{how} ~~they~~ they work,
and so forth.

~~As~~ As I understand it, Horizon would then contract
out their construction; and, in order to contract it out,
~~so~~ according to my knowledge of the situation, they would have
to have a pretty specific specification, tied down to form the
basis ^{of} ~~that~~ that contract, because they are not doing it
in their house, they are doing it ^{through} ~~with~~ another concern, ~~so~~ I
would think that ²²²² ~~actually~~ ~~on~~ ~~that~~ they would have
to tie down the nature of the construction contract to a much
more significant degree, ~~and~~ and I would certainly say ~~that~~ with
regard to some of the things, that we have not ~~yet~~ yet settled

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(Mr. Sissons)

~~we~~ ^{but} are going to have to go into this building, such as mail conveyor systems and athletic facilities, or whatever, that we would, I would think, end up paying for those as an extra ^{have} because they ~~had~~ not been included in the original contract. Either that, or ~~what~~ we'd have to slow up and negotiate ~~all~~ all of these things in detail ~~before~~ before the contract is finalized. ^A and that's what I meant ~~by saying~~ by ~~saying~~ ^{we} it seems to me ~~we~~ have flexibility on the backend of this contract with Canada Square because of their approach to it, which we would not have had with one of the other developers

Mr. Deans: I wish at times that I were a builder or a developer because then I'd understand, but I don't frankly understand. It's pretty obvious that Canada Square aren't going ahead and building something without having it firmly pretty firmly tied down what it is they are going to build. They surely can't be going from day to day just sticking up ~~some~~ walls, hoping that it will turn out to be something; ~~they~~ they haven't got their contracting operation in there digging holes and putting in footings unless they know that something is going to emerge from that hole and be built on those ~~footings~~ footings; so that if one contractor or another were to build, provided they had some basic idea what they were going to build, they would all build it basically the same way. Is that not fair?

Mr. Sissons: It's a matter of a point at which you ^{the} price ~~it~~ and the method you use for pricing it, I guess. ^A as I mentioned earlier, basically, what's going on here is that ~~there~~ there has been ^{the} agreement reached on a general outlines of the building, the foundation for it, and, what I call, ~~the~~ a skin for it. This is one of the ^{area} ~~area~~ ^{of} ~~area~~ agreement, reached between our architects ~~in~~ and Canada Square after the contract was signed, ~~what~~ what kind of an exterior ^{face} ~~place~~ was going to go on ~~the~~ ^{the} building

Mr. Deans: That could not have been done with Horizon? That's a question.

Mr. Sissons: Yes, but I think along with doing that

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R.E.S.

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(Mr. Sissons)

you'd have to agree in detail on what you were going to put into it, because I don't see how they could let a contract with a third party without having a very specific basis to contract. Now, maybe ~~that is something that they could comment on more~~

(Tape H-361 - 1 follows)

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E.M.

H-361-1

(Mr. Sissons)

~~without having a very specific basis for contract.~~ Now, maybe that is something that they could comment on.

Mr. Deans: I think I will pursue that with Mr. Candy, who might be able to explain it, because I will be quite honest with you, I frankly don't see how anyone could build simply the skin without ^{at least} knowing what the interior was ~~going to be~~ going to be. They might not know exactly how it was going to be subdivided or how it was going to be ~~subdivided~~.

Mr. Sissons: The detailing will go on for a long time in terms of ceilings, acoustical ~~and~~ ^{qualities, lights} ~~the~~

Mr. Deans: Oh, I am sure.

Mr. Sissons: ~~Mail-handling systems~~

Mr. Deans: That wouldn't be part of the general contract?

Mr. Sissons: Sure, the basic structure, ^{You have to have} agreement on it at the outset. I agree.

Mr. Deans: So that regardless of which building you had chosen, it would have been necessary to determine ~~the~~ the shape of the building, ~~the~~ the height of the building, how many floors there were going to be in the building, how far the ceiling and the floor were going to be apart, whether it was going to have columns or not have columns, whether it was going to be heated electrically or otherwise, whether there would be windows all way around or only at certain places, ~~those~~ those things would have to be determined prior to ~~the signing of the contract~~ the signing of the contract?

Mr. Sissons: But the ^{road is strewn} ~~relative~~

Mr. Deans: I am sorry, sir, I can hardly hear you.

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e.m.-a.j.

Mr. Sissons: The road is strewn with payments for extras for things that weren't decided at the beginning of a contract. When you decide you want them, you have to pay ~~more~~ extra to the contract for these because it was that kind of a contract ~~was~~ with a construction company. What I am saying is that Horizon would have to contract with a construction company to build the ~~new~~ building, and I don't think there would be the same amount of flexibility in that contract.

Mr. Deans: You say you ~~don't~~ don't think there would be. Did you ever take the time to discuss with them whether or not there would have been?

Mr. Sissons: I discussed this with Mr. Candy.

Mr. Deans: I see, but you, Mr. Sissons, signed the agreement.

Mr. Sissons: They discussed this with Mr. Candy and Mr. Candy discussed it with me, and I am giving you my understanding of the situation.

Mr. Deans: So you understand then that Mr. Candy discussed all of these matters with ~~Horizon~~ Horizon and that Horizon said they would be unable to proceed along the same lines; as Canada ~~Square~~ Square?

Mr. Sissons: ~~He~~ I won't put words in his mouth.

Mr. Deans: No, but I want to know what ~~you~~ you understand. I want to know what you understood.

Mr. Sissons: They discussed the process by which they would ~~retain~~ retain architects and let out a contract for construction of the building.

Mr. Deans: And you understood that to mean that Canada Square would pursue it in an entirely different way, not compatible with the way ~~that~~ that Horizon were going to build it, and therefore Canada Square's proposal was better?

Mr. Sissons: Well, I think if you put the question

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around
~~and~~ the other way, I have explained why I think the Canada Square proposal is better, yes. They can make all these decisions in their own house; that is the point.

Mr. Deans: Well, What you are saying is that Canada Square could make the decisions and Horizon could not make them?

Mr. Sissons: Could not make all the decisions right through to the final detailing in the same time span.

Mr. Deans: Okay ---

Mr. Sissons: They could make them but not in the same time span.

Mr. Deans: So when Horizon appears here and we put it to them, as I will, that they would have been unable to continue the negotiations for the manner in which the building would be completed stage by stage, that it is your understanding that they would have been unable to do it the way Canada Square has now done it.

Mr. Sissons: Well, in a general way that is right.

Mr. Deans: Well, it has to be a little more specific than general.

Mr. Sissons: Well, neither you nor I understand the details ~~---~~

Mr. Deans: Yes, but you signed the contract, sir, I didn't, you see.

Mr. Sissons: I said that I felt that Canada Square's approach to the thing in terms of in-house capability ^{and} their assurance that they would tackle only one large job at a time were very significant factors. Horizon, by the way, ~~also~~ already had ~~the~~ one fairly large job going.

Mr. Deans: I understand that. I read the ..

Mr. Sissons: ~~According to whom~~ ^{fairview whom} we were talking about

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(Mr. Sissons)

the other day, ~~they~~ ^{have} reported ~~that \$268~~ million worth of ^{construction} ~~work~~ ^{going} ~~at the moment.~~

Mr. Deans: Yes, I want to ask you in regard to exhibit 74. There are ~~several matters~~ ^{one} six matters, which are set out, ~~and~~ ^I this was raised before, ~~and~~ but I want to be sure so that when we proceed with it I know exactly what's being told to me.

Mr. Chairman: Mr. Deans, your voice is coming ~~through~~ stronger than Mr. Sissons', so if you'd push your microphone away a little bit.

Mr. Deans: Well, if he would sit closer ...

Mr. Chairman: And maybe Mr. Sissons could speak a little louder, we could ~~cause~~ ^{come out with} a better balance.

Mr. Sissons: That's one of the disadvantages of not being in the political arena, sir, you don't ~~have any~~ ^{learn these} ~~restrictions~~ ^{tricks.}

Mr. Deans: I got this way through practice.

You have that document, sir?

Mr. Sissons: Yes, is it 74?

Mr. Deans: Exhibit 74, it's the June 23 letter, yes.

Mr. Sissons: Yes, right. The ~~new~~ commission item.

Yes, ~~xThxxx~~

Mr. Deans: Yes, the memorandum to the commission. There are ~~five~~ six different items on page six and seven that state the reasons "In arriving at ^a ~~the~~ decision to recommend a particular developer, the following features were considered in order of priority." Now, you've dealt with the "in-house ~~capability to handle the complex complete package...~~

(Tape H-362 - 4 follows)

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(Mr. Deans)

~~following features were considered in order of priority. Now you~~
~~have built with the in-house~~ capability to handle the complete package,⁹⁹ and that was (a), and my understanding of that is that you are of the opinion that ~~Canada Square~~, the techniques used by Canada Square would not have been available had ~~you built, and had~~ you agreed to hire Horizon in their place.

Mr. Sissons: I felt they offered significant advantages, yes.

Mr. Deans: ^{Now} (b) ~~the~~ previous experience in lease-purchase arrangements and building management.⁹⁹ Is it fair to say that Horizon does have a reasonably complete expertise in ~~the~~ building management, and that they have in fact built buildings and did provide some substantiation to their claim that they were capable of proceeding with that building for you?

Mr. Sissons: I would think that is so. Mr. Candy visited one or more of their buildings and I think was relatively favourably impressed with the building management.

Mr. Deans: IN fact, one of the buildings they built was one of the four buildings that were put forward to Mr. McCallum after he requested four comparable buildings in Toronto that might be viewed as buildings similar to the standard that Hydro were asking. And one of those was a building built by Horizon?

Mr. Sissons: Yes, I think Mr. Candy will ~~have~~ want to comment on that because I think he has some other views in connection with it.

Mr. Deans: ~~The question is~~ So. In that regard it is fair to say that ^{EITHER} Horizon ^{OR} Canada Square, ~~that~~ either one of them could have completed a project?

Mr. Sissons: I think so. Yes.

Mr. Deans: Satisfactorily?

Mr. Sissons: Yes. I understand Horizon has run into some difficulties recently, but that is another question.

Mr. Deans: It is not only another question, but it raises questions, doesn't it? Even a statement like that makes you wonder.

Mr. Sissons: Well all right.

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Mr. Deans: Okay. "(c) ~~the~~ capability to handle a project of this complexity and scope." It is fair to say that three of the people involved had handled projects of similar complexity and similar scope prior to the..

Mr. Sissons: No question about that.

Mr. Deans: No question about it?

Mr. Sissons: Yes.

Mr. Deans: Thank you. Now I am ~~interested~~ interested in the next item, (d) ~~the~~ ^{could} minimum of other interests and commitments so that full attention ^{could} be given to the carrying out of ^{this} project as expeditiously and efficiently as possible. Why would that matter to you? Why would it matter whether there was other involvement by the company provided the company had signed a contract and that contract carried with it sufficient provision for penalty, and those provisions could be enforced?

Mr. Sissons: Well, sir, in the technical sense that may be a good question. But in the practical sense we are suffering every day from major contracts in the commission where the problem is the management of the contract; in plain ~~that~~ terms, the fact that the fellow has got too much else going on and you are just one of the things that he is doing. Now I am talking about the manufacturing level when I say that, but I don't think the principles that apply in construction are very much different. One of the things that we ~~are~~ ^{are} anxious to do here is to receive somebody's undivided attention in getting this building built rapidly and getting it built right. I think I made clear that we had had some experiences on the commercial market as tenants where we weren't receiving undivided attention of the right kind, and so this is one of the things that was important to us.

Mr. Deans: So what you were saying in effect, when you signed the document, was you believed Canada Square would be better able to complete the project because they would be ^{providing} ~~presenting~~ ~~an~~ ~~uninterrupted~~ ~~service~~ ~~to~~ ~~you~~ ~~and~~ ~~your~~ ~~project~~ ~~and~~ ~~that~~ ~~the~~ ~~others~~ ~~couldn't~~ ~~guarantee~~ ~~that~~ ~~they~~ ~~would~~ ~~be~~ ~~able~~ ~~to~~ ~~do~~ ~~it~~ ~~?~~ Complete attention to your project, and that the others couldn't guarantee that they would be able to do it?

Mr. Sissons: I didn't make the flat statement that the others couldn't do it. I said that my interpretation of that is

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(Mr. Sissons)

that Canada Square have this business philosophy; the others do not. Some of them have several big jobs going at once.

Mr. Deans: You ^{must have} some, if not evidence at least ~~you~~
~~must have had~~ something presented to you by your staff indicating that there was a possibility that the others might not be able to fulfill their obligations in the time period?

Mr. Sissons: Yolles and Rotenberg, to be specific about it were far more interested in the Eaton's College Street project.

Mr. Deans: Of course they were.

Mr. Sissons: Than they were in this. Obviously, why would they be?

Mr. Deans: That ~~is~~ was obvious from their own memo.

Mr. Sissons: That's right. That was quite obvious in their documents.

Mr. Deans: Would you say the same thing was true of Horizon?

Mr. Sissons: Horizon had a very big project going already. They said so in one of their letters.

Mr. Deans: Was it ever expressed to you by the staff of Hydro that Horizon would not likely be able to meet the commitments even if you signed a contract with them and therefore that...?

Mr. Sissons: No. Nobody would make a statement like that.

Mr. Deans: No?

Mr. Sissons: This memorandum says that it felt that Canada Square best met these criteria.

Mr. Deans: Of course the criteria were established after you knew who did what.

Mr. Sissons: The criteria were established.

Mr. Deans: They weren't criteria established before you spoke to any developers. They were criteria established after you recognized which developers did what.

Mr. Sissons: The criteria were established when we ~~were~~
~~examining the Canada Square.~~

H-363-1 follow

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~~Deans~~

~~criteria established after you recognized which developers did~~

~~Mr. Hal~~ ~~Sissons~~ Criteria were established when we were examining the OISE lease-purchase proposal, and the whole concept of lease-purchase.

that
Mr. ~~Deans~~ Deans: One of the criteria/could have been written in was that there should be previous government involvement and involvement in building buildings for/government.

Mr. ~~Deans~~ Sissons: You said that, I didn't.

Mr. ~~Deans~~ Deans: I am saying that could have ~~have~~ happened because that was one of those things that came to light afterwards.

Mr. ~~Deans~~ Sissons: You said that, I didn't. That is your ~~statement~~ ^{sir} statement, that is your statement.

Mr. ~~Deans~~ Deans: Obviously, I ~~mean~~ mean it.

Mr. Chairman: Okay.

Mr. ~~Deans~~ Deans: Well, to go back to the criteria; you agree with me surely it is easier to establish criteria after you know exactly where each firm stands, and that in fact the criteria should have been established prior to the ~~that~~ ~~you~~ decision, considerably prior to the ~~decision~~ decision, at the time when you were first asking the companies involved whether or not they would like to participate. That was the criteria surely.

Mr. ~~Deans~~ Sissons: I don't think that is so. These are subjective criteria and I don't think one would go to a competent developer, such as Y and R or Horizon, and say, look, we are not interested in you because you've got too much going on already. No, that isn't the way one does this.

Mr. ~~Deans~~ Deans: I agree, but that's what you said. That's in essence what happened.

Mr. ~~Deans~~ Sissons: No, what I am saying is that when we had these proposals ^{in hand} and there seemed to be little to choose between them economically, and I believe this memorandum uses the word "marginal", that these ~~was a~~ were criteria which seemed to us to

↓

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~~(Mr. Deans)~~
have some over-riding importance.

Mr. ~~Deans~~ Deans: The matter of the next item, the agreement to obtain outside ~~consulting~~ consulting architects and other things, of the that was not unique to any one ~~development~~ developers?

Mr. ~~Deans~~ ~~Sissons~~ Sissons: I think they would all have agreed to do that, probably; that was important to us.

Mr. ~~Deans~~ Deans: And as far as the previous client's satisfaction is concerned, without going into the details of it, the developers who ~~one~~ ended up in the ~~small~~ basket at the end were all reasonably competent, and would all have been -

Mr. ~~Deans~~ Sissons: That's in ~~(F)~~ position, that.

Mr. ~~Deans~~ Deans: So that in fact the only two that made any difference between Horizon and ~~Canada~~ Canada ~~Square~~ Square, was (A) and (B)?

Mr. ~~Deans~~ Sissons: The two that were of the most importance to me were certainly, as I saw ~~it~~ it, were (A) and ~~(B)~~ (B).

Mr. ~~Deans~~ Deans: (A) and (B).

Mr. ~~Deans~~ Sissons: Yes.

Mr. ~~Deans~~ Deans: And that if subsequent evidence showed that either of the companies would have been capable of providing either or both of those, then that would have changed the picture?

Mr. ~~Deans~~ Sissons: I don't know that that would have been so. There might have been other factors; I don't think Horizon's proposal on the ~~commercial~~ commercial space was as good as Canada Square's.

Mr. ~~Deans~~ Deans: In the initial stages?

Mr. ~~Deans~~ Sissons: I don't believe it was.

Mr. ~~Deans~~ Deans: I think in the initial stages it was. I think as you renegotiated with them it became better.

Mr. ~~Deans~~ Sissons: I ~~believe~~ believe they offered \$2.50 a foot for the first seven or eight floors as opposed to six.

Mr. ~~Deans~~ Deans: Anyhow, - I just wanted to ^{make} clear what I am looking for for the rest of the enquiry, that we have to deal

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then with the matter of the in-house capability to handle the package, ~~the~~ and the minimal of other ~~interests~~ interests and commitments that they would be able to fulfill their obligation to develop. And those are the only two areas ~~that~~ of the six that are mentioned where there is any doubt in your mind as to the -

Saying

Mr. H.J. Sissons: I am not ~~that~~ that they were the only two areas. I think I said they were the two ones that had the most significance in my mind.

Mr. Ian Deans: They were the two that had the most significance. Did you place any significance on Horizon's offer to allow Hydro or the pension fund to participate?

Mr. H.J. Sissons: I think that question of the use of pension fund ~~money~~ ^{moneys} has been dealt with in some of the earlier exhibits in a negative sense, and I would prefer our financial people to blow the dust off that one again.

Mr. Ian Deans: But, did you consider it personally in your decision to go with Canada Square? ~~Was~~ Was that ever a consideration of yours?

Mr. H.J. Sissons: I said somewhere in the correspondence ^{en} here that if our pension ~~money~~ ^{moneys} could be used by any of the developers, so much to the good. ^{But} ~~I~~ I believe there was a negative opinion from our financial people about that.

Mr. Ian Deans: My recollection, without looking it up, was that in ~~fact~~ it legally could have been used.

Mr. H.J. Sissons: I believe it was.

Mr. Ian Deans: There was no legal impediment.

Mr. H.J. Sissons: Yes, it ~~was~~ ^e was a matter of judgment as to keeping the pension fund entirely at arm's length from utilization in ~~utilization~~ ^e of the Commission's business. But that's again, I say, something the financial people could speak more -

Mr. Ian Deans: Just out of curiosity, do you know what the, what is it, \$79 million you have invested at the moment?

↓

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Mr. H.J. Sissons: I have no idea.

Mr. Ian Deans: In mortgages, I don't recall the figure,
But

~~I~~ I saw ~~it~~. /It/ seems to me to be something like that. Have
you any idea what interest rate it draws?

Mr. H.J. Sissons: I don't know.

Mr. Ian Deans: You ~~don't~~ don't know. Did you ever consider
looking at it to determine whether or not it might have been
advantageous to allow a portion of the pension money?

~~Mr. H.J. Sissons: Are the financial people there?~~
(?)

~~Mr. Deans: Yes.~~

~~Mr. Ian Deans: From the point of view of financing they
that
reported to you/it wouldn't have been?..~~

(Tape H-364 follows)

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(Mr. Deans)

~~allow the pension, a portion of the pension money~~Mr. Sissons: ~~have~~ ^{did} the pension people ~~there~~, yes.

Mr. Deans: And from the point of view of financing they reported to you that it wouldn't have been?

Mr. Sissons: Our financial people looked at it, yes. I didn't. It ~~wasn't~~ wasn't my responsibility.~~Mr. Deans:~~ Mr. Deans: Just one other question. The whole matter of the setting of the ~~34~~ \$34 ~~per~~ per square foot. Don't you think that companies with the experience of the two ^{let's} let's exclude Ellis-Don for a moment, although they would have experience in the field, but let's exclude them. Don't you think that companies with the experience in development and building that Yolles and Rotenberg ~~had~~ or ~~the~~ Horizon had, would have been able equally well to have decided that ~~it was not possible~~ for \$30 ~~per~~ a square foot you ~~not~~ could get a prestige building in Toronto?

Mr. Sissons: Well, that word "prestige" is (a) a misnomer and (b) a very general word.

Mr. Deans: I'll take the word back then.

Mr. Sissons: We would need a building that would meet the standard of construction that we were looking for. This is a very ^{complex} ~~complex~~ question. First of all, as we all know, we are in a highly inflationary economy. Secondly, as we all know, developers along with other people are good salesmen. And I wouldn't expect or accept ~~anybody's~~ anybody's own sales pitch as to what a building ought to cost without a good deal of examination. ~~This~~ This question of the \$34 ~~per~~ as I say was a judgement on the part of our architects who ~~had~~ ^{had} extensive experience in this area although not in connection with a ~~new~~ building of just this sort.

Mr. Deans: That's right.

Mr. Sissons: But I, with respect, don't think you can approach the question of judgement as to what something should cost by a first ^{half} ~~half~~ such as the proposed ~~type~~ price of that sort. I think you have to ~~have your own~~ make your

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Mr. Sissons

We're ~~that~~ assessment of this. ~~with~~ the people ~~who~~ are going to live in the building. We have had some pretty bad experiences with buildings that were under-designed and we wouldn't want to repeat that in a building that we were going to live with for 30 years and then inherit.

These people are good people. I'm not casting any ~~any~~ aspersions on their judgement. All I'm saying is that it seems to me that we have to make the judgement.

Mr. Deans: Yes. Do you think that Mr. Candy was better qualified to decide what it would cost to build a building of the type that you want^{ed} than the people who are, in fact, building the buildings in Metropolitan Toronto today?

Mr. Sissons: Let me answer that question by saying Mr. Candy was on our side.

Mr. Deans: Well, that doesn't answer the question. Do you think Mr. Candy had sufficient background in the building of buildings of that type to be able to make the judgement on whether or not the price should be \$34 ~~00~~ or ~~2x~~ \$32 ~~00~~ over and against the judgement of the people who are, at this point, ~~even~~ currently building buildings in Metropolitan Toronto, buildings which you held up as being examples of the kind of construction that you would want?

Mr. Sissons: Which people specifically are you referring to?

Mr. Deans: Well, I refer specifically to the Travelers Building, ^J just out of curiosity. You can ~~build~~^{take} anyone you like but the buildings that are currently being built, the Imperial Life ~~or~~ the Sun Life, or the ~~Travel~~ Travelers or the Royal Trust, without going on to any other one, the Royal Trust is ^{a considerably more} ~~considered xxxxxxxxx~~ expensive building but, in looking at it, those ~~a~~ people who built those buildings suggested to you that for what you wanted you could get that particular quality, a ~~quality~~ good quality, at \$30 ~~00~~. You chose to believe that Mr. Candy knew that it should be \$34 ~~00~~. On what basis?

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Mr. Sissons: That's right. I choose to believe the guy that's on my side if I've got a chance.

Mr. Deans: Yes, but that's hardly — In other words, no matter what the persons's experience or background is?

Mr. Sissons: Right, but you can't see ~~the~~ the specifics about it. Mr. Candy can speak for himself in this area. I'm sorry that the Travelers building was mentioned as a building that met our kind of standards ~~because~~ because I'm not at all sure that ~~it~~ it does.

Mr. Deans: But Mr. Candy said so and you want to trust a guy ^{who is} ~~on~~ on your side.

Mr. ~~Sisson~~ Sissons: Well, he'll be able to speak for himself on that. There's room for varying opinions on this, but I'm not sure that building does meet our standards, by ~~perhaps~~ perhaps quite a margin.

Mr. Deans: How can you say on the one hand that you trust Mr. Candy's judgement that it should be a \$34 ~~20~~ building when on the ~~the~~ other hand you say you doubt his judgement in ~~saying this~~

(Tape H 365 follows)

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(Mr. Deans)

~~one hand that you trust Mr. Candy's judgment that it should be a \$34 building, while on the other hand you say you doubt his judgment in saying that the Travelers building is suitable.~~

Mr. Sissons: Well, that judgment was based, as we mentioned earlier, on an examination of the type of building that we had designed and the construction costs associated with the type of building that we had earlier designed.

Mr. Deans: Did Mr. Nardi get the hairdressing contract?

Mr. Sissons: I don't think so ^{and} by the time I get there he may be out of business.

Mr. Deans: Well, for my money you can go anytime.
Thank you.

Mr. Chairman: Mr. Newman.

Mr. W. Newman: Just a few questions, Mr. Sissons, if Mr. Hydro believed that \$34 was a proper figure to use for the new building, would it, perhaps, have been further included in the specifications?

Mr. Sissons: Well, my own attitude to that, which may or may not be a sound one ^{was} Mr. ~~Sam~~ Candy, again, will have to address you on that, is that you don't want to eliminate the kind of thing that Mr. Deans was referring to, the people's own initiative in coming up with what they think is suitable. You don't want to say, "Look, the test of quality we are looking for is this and this only", you know, you want to say to ~~these~~ people, "Look, here's the kind of thing we are talking about". They all had access to the original plans and they knew the site; all these things were discussed with them, They knew that we were looking for a superior building in terms of its technology, air-conditioning, light and so forth, and so to my mind, you want to leave as ~~mu~~ much flexibility as you can, where people will tell you what they think is appropriate. And that seems to have caused some serious

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(Mr. Sissons)

misunderstanding. I think it produced the right result, but I suppose there are other ways it could have been done. But short of specifying the building ⁱⁿ ~~and~~ very considerable detail, you know, and taking the time to do that, I am not sure that it could have been done better than it has been.

Mr. W. Newman: Just to refresh my own memory, of the companies, Horizon and Ellis-Don and I guess, Y and R, leaving out Canada Square for the moment, ^{how many had} you had had maintenance problems with ~~the buildings or property of office space you have leased from them?~~

Mr. Sissons: You mean, apart from these companies?

Mr. W. Newman: Well, I am thinking of the ones that did bid, ^{How many of them, for instance, gave you} ~~mainten-~~ maintenance problems?

Mr. Sissons: Oh, well with the ones that bid we hadn't had any problems; we weren't tenants of any of them.

Mr. W. Newman: You weren't tenants of any of them?

Mr. Sissons: No, no.

Mr. W. Newman: Oh, I'm sorry, I thought you were. ~~Has Ellis-Don ever done any construction for Hydro before?~~

Mr. Sissons: Yes, they have done quite a bit of construction for Hydro, ~~We~~ have known them very well in the general construction contracting field.

Mr. W. Newman: You were fairly well satisfied?

Mr. Sissons: Mr. Candy has done business with them for many years.

Mr. W. Newman: ^{The} Another thing I want to come back to is ~~to~~ the original plan, the ~~original~~ original drawings that you scrapped.

Mr. Sissons: Yes.

Mr. W. Newman: When these plans were scrapped, otherwise

Mr. Sissons: I wish you wouldn't use that word, "scrapped";

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(Mr. Sissons)

I am afraid it's accurate, but —

Mr. W. Newman: Oh, all right then. When they were, anyway, not ~~in~~ used any longer, you had become interested in a lease-purchase arrangement, so that any advantage that Canada Square had by seeing those original plans were really of no benefit to them at all?

Mr. Sissons: Well, I think so, I suppose they got some benefit from advance thinking about the thing, because they did see the plans before anybody else did. But other people saw the model of the previous building before that and when you see it here you will understand what I am talking about; ~~and~~ everybody had access to the plans eventually, and what ~~we~~ were talking about was a completely new building. To my mind, as a layman, all those plans did was ~~give~~ gave them a clue as to what kind of ~~new~~ ~~kind~~ auditorium and what not, that we wanted, shipping rooms and so on, all of which they were told about anyway.

Mr. W. Newman: So there would be no major advantage?

Mr. Sissons: ~~No~~ I can't see it.

Mr. W. Newman: When you decided to go to a lease-purchase arrangement because you had an example in the OISE building, a government building that was built, you were quite satisfied with the OISE building when you saw it, so naturally and ~~chronologi-~~ chronologically you dealt with, perhaps, with Canada Square to discuss lease-purchase, not for them at that point in time, but for information purposes only.

Mr. Sissons: Right, right.

Mr. W. Newman: And ~~that~~ all the companies, when they made their proposals to Hydro, the ones that were involved, were all really ~~basically~~ ~~basically~~ notified about the same time?

Mr. Sissons: Yes.

Mr. W. Newman: And that you wanted these ^{dates} I think, November ^o I have just forgotten my dates here ~~exactly~~.

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Mr. Sissons:

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AA

~~Mr. Sissons:~~ It was in the early part of December --

Mr. W. Newman: Right. So there was really no preference.

Mr. Sissons: December and the early part of January.

Mr. W. Newman: Nobody really got any preferential ~~treatment~~ treatment.

Mr. Sissons: Well, I think that there may have been a time problem there; and I think Mr. Candy was trying to cover the situation fully with each of them, discuss it fully with them, ~~and~~ I think also he made it clear that there wasn't any real cutoff date on this; you know, ~~where~~ the matter ^{was} under consideration for some time after the initial proposals came in and there were ~~several~~ changes made in the proposal long after they came in.

Mr. W. Newman: Following through on that, ~~you did~~ ^{you did} as the evidence has shown, a very comprehensive study on the type of building you wanted to develop and so on and so forth, but I am asking you this question directly, you have been with Hydro for many many years, but your first and prime concern is always with Hydro and no pressure was ever put on you from any source to favour ^a particular company?

Mr. Sissons: None whatever.

Mr. W. Newman: Fine. That's all, Mr. Chairman.

Mr. Chairman: Thank you Mr. Newman. Mr. Sissons, I have been concerned throughout the earlier stages of this hearing in regard to the authenticity of the documents produced. Mr. Genest has said he was satisfied with them all. I just wanted to ask you a general question. Any of the documents that have been produced in evidence that you either received or wrote, ^{you} ~~you said if you~~ ~~you said if~~ yourself are satisfied with them, ^{is} is that correct?

Mr. Sissons: You mean have they all been tabled?

Mr. Chairman: No, but that they are genuine documents, the ones that have been produced.

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AA

(Mr. Sissons)

Mr. Sissons: ^{not very} Yes, I am ~~quite~~ well satisfied about that ^{GUY WHO MADE} ~~the other version~~ all those chicken tracks over that one ~~the~~ memorandum I wrote, but fortunately the other version was there too.

Mr. Chairman: All right, we have noted that, ^Bbut you don't question them otherwise.

Mr. Sissons: No, I think they are all documents.

Mr. Chairman: The commission generally has ~~the~~ the responsibility for the supply of space; then next in line, ~~I~~ gather, would be the chairman, the general manager ^{and} and then who next line?

Mr. Sissons: Well, I report to the general manager, and space is one of the functions that comes under ^{MY} purview.

Mr. Chairman: ^{So} ~~Does~~ the responsibility for supplying space ~~for~~ for a new building ~~is~~ is your ~~responsibility~~ responsibility?

Mr. Sissons: The line of command would be the commission, the general ~~manager~~ manager, myself, Mr. Witbeck as manager of building and office facilities.

Mr. Chairman: But you are superior to Mr. Witbeck, is that correct?

Mr. Sissons: Pardon?

Mr. Chairman: You are superior to Mr. Witbeck.

Mr. Sissons: Yes, he reports directly to me.

Mr. Chairman: So below the commission and the general manager, you are next in line?

Mr. Sissons: Right.

Mr. Chairman: Now when again was the date that you first ~~ad~~ decided in your mind that Canada Square was the company to go with?

Mr. Sissons: Well, I think when the April 10th report had been completed and we had a meeting as I recall about that time and discussed it. We chewed that report over fairly fully and Mr. Mink, I think, produced some further

June 11th, 1973

5.40 - 5.45 pm

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AA

(Mr. Sissons)

information subsequent to that within the next day or so, but I think I would have to say that up until that time, as far as I was concerned, the thing hadn't been fully ~~de~~evaluated and ~~analyzed~~^S and at that time I was ~~satisfied~~ satisfied that this was the right course to follow.

Mr. Chairman: ~~And~~ I thought you said on ~~that~~ / during your evidence on ~~that~~ Thursday last that the date that ~~you~~ you probably became convinced that you should go with Canada Square was as far back as ~~the~~ November 25th, 1971.

Mr. Sissons: Well, that was based, as you will recall, very specifically on the question of salvage. If we had to do a ~~salvage~~ salvage operation, then I felt we had to pick somebody and sit down and hammer out a salvage operation. Once that question had been disposed of, as far as I am concerned, we are back to that memorandum of November 2nd of ~~1971~~^{MINE}, in which I outlined, I think very fully, a selective approach to the market based on having to write off our previous plans and ~~in~~ which, you will recall, I said that I thought that in fairness to everybody concerned, we ought only to go to people who ~~we~~ felt ~~could~~ could do this job for us and so forth.

Mr. Chairman: Now, is it reasonable to say that your decision in favour of Canada Square was probably more influential than any other member of the staff in the fact that it eventually did go to Canada Square?

Mr. Sissons: ~~Well~~ Well I don't know whether I ~~could say that. Mr. Candy and the general manager and I all talked about this, and so did the financial people.~~

H-367-1 follows

(Mr. Sissons)

~~_____~~
~~_____~~ Certainly I guess I would have to say it was my responsibility to make some kind of a recommendation. And, As I ~~was~~ said, I was awfully anxious to get on with something before the economic cycle turned again, ~~and~~ I understand the bank rate is up again today, and I shudder to think what would be happening if we hadn't got this building started when we did. But, ~~and~~ subject to that, I think I felt a major obligation to get on with making a judgment and making a decision, recommending a decision no matter how difficult it may be.

Mr. Chairman: And after you decided on Canada Square, many of the others seemed to agree with you, ^{is} ~~isn't~~ that right?

Mr. Sissons: Well, I think this ^{was} ~~is~~ sort of a progressive ~~decision~~ business, yes. ~~That~~ That one meeting we held on or about the time of the April 10th report, I think, was a crucial meeting.

Mr. Chairman: Thank you, Mr. Sissons. Are there any other members of the committee that have any questions? Well, Mr. Sissons, I am going to thank you, and I do thank you for being here, and, again, subject to the possibility of recall, you are dismissed. Thank you.

Mr. Sissons: Thank you, gentlemen.

KENNETH HARDING CANDY, Sworn.

Mr. Shibley: Mr. Candy, what position do you hold with Hydro

Mr. Candy: I am ^{the} ~~a~~ commission architect.

Mr. Shibley: How long have you held that position?

Mr. Candy: Since 1952.

Mr. Shibley: And, prior to 1952, what was your position.

Mr. Candy: I have been with the commission for 27 years, since 1946.

Mr. Shibley: In what capacity were you ~~xx~~ ^{you} with the commission prior to that time?

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5.45-5.50p.m.

B.A.

Mr. Candy: As ~~a~~ designer, I guess.

Mr. Shibley: As a designer. And, prior to your employment by Hydro, where were you employed?

Mr. Candy: I had been employed in private practice. I was with the office of W. L. ^{Somerville} ~~Somerville~~ for about 10 years. I was in England for two years, and I was in the army for a while.

Mr. Shibley: Can we take it that most of your practical experience has been in connection with your services as an employee within the architectural division of Ontario Hydro?

Mr. Candy: Most of my experience, I would say, yes.

Mr. Shibley: Now, the subject matter of this enquiry, of course, is the new head office building ~~and~~ I presume as chief architect you had responsibility for that project. Is that correct?

Mr. Candy: That is correct.

Mr. Shibley: And in that connection there has been evidence ~~of~~ given of plans which were designed and ready for tender as at the end of 1969, which plans were not implemented, is that correct?

Mr. Candy: That is correct.

Mr. Shibley: The building presently under construction being of an altogether different design.

Mr. Candy: That is correct.

Mr. Shibley: I am having produced to you a photograph of the building as ~~originally~~ originally conceived and ask you to identify it as an artist's conception of the building which was ready for tender at the end of 1969.

Mr. Candy: Yes, that is a photograph of the model.

Mr. Shibley: It is a photograph of a model, ~~The~~ the model is being produced today, is that correct?

Mr. Candy: Yes.

Mr. Shibley: Would you have that made the next exhibit?

Mr. Chairman: Exhibit 143.

Mr. Shibley: And I am showing you a further photograph of the building ~~presently~~ presently under construction, or of a model of the building

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B.A.

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(Mr. Shibley)

presently under construction. Can you confirm that it is such a photograph?

Mr. Candy: Yes, that is the model. The concourse has been somewhat changed since then, but that is basically the same building.

Mr. Shibley: Could that be made the next exhibit?

Mr. Chairman: Exhibit No. 144.

Mr. Shibley: Mr. Candy, at your ~~xxxx~~ request, I have had the models brought into this

(Tape H.368 follows)

Mr. Shibley

~~had the models brought into this committee room and~~ ~~table~~ ^{the} installed in front of you so that they ~~be~~ may be made exhibits and you can refer to them in the course of your evidence.

Would it be possible to have those put on the table in front of Mr. Candy?

Mr. Chairman: ^{Exhibit} ~~Building~~ 143 is this building. Is that right, Mr. Candy? Exhibit 143 is that building, that's the original?

Mr. Chairman: And 144 is this one which is under construction.

Mr. Candy: That's right.

Mr. Shibley: Mr. Candy, ^{there} ~~this~~ has now been produced ~~as~~ the model of a building. Could you tell us what that is please?

Mr. Candy: This is the new building which is now being constructed by Canada Square on the corner of University and College.

Mr. Shibley: May we have that made the next exhibit?

Mr. Chairman: Exhibit no. 145 is the model of the building presently under construction.

Mr. Newman: Mr. Chairman, can we all have a copy?

Mr. Chairman: Yes, to take home with you!

Mr. Candy: I was checking this morning just to make sure ~~that~~ both these models are of the same scale and I am convinced that they are. I think they're both 1/16 scale.

Mr. Shibley: I have a feeling, Mr. Candy, the reason you asked for these models to be brought in is to have something between you and ~~me~~.

Mr. Candy: Turn it around.

Mr. Shibley: Mr. Chairman, ^{may} ~~can~~ we have the second model made the next exhibit please?

Mr. Chairman: Exhibit No. 146.

Mr. Shibley: Mr. ~~Chairman~~^{Candy}, if you could pick up the microphone and orientate the members of the committee as to which direction is north, south, on these models.

Mr. Candy: This street here on both of them, this is University Avenue, coming down here; and that's University Avenue up there. College Street runs along there. And on the other one, College Street runs along the far end. So, north is up there on both of them.

Mr. Shibley: North is towards Mr. Allan?

Mr. Candy: North is towards Mr. Allan.

Mr. Shibley: All right.

Mr. Candy: ~~This is our present head of~~^{And south down here.} office building right here. This is the General Hospital over here; back over here is the Engineering building.

(Tape H-369 follows)

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5:55-6:00 pm
plg(Mr. Candy)building

Mr. Shibley: Now dealing with the building as originally conceived, would you indicate to the members of this committee the features of that building which were salient to its design?

Mr. Candy: Well, one thing that we were trying to do there as you can see, it was designed in ¹⁹⁶⁷ and 1968, it is an institutional building for Hydro, for Hydro people. The only thing it had inside that building as far as commercial, it had a bank, on University Avenue; it had a restaurant on College Street. As I recall there was a by-law that you couldn't have a restaurant on University Avenue so it had to open on College Street. That building is precast concrete exterior, it has a steel frame, it is 16 stories high, it has a total of 1,086,000 square feet gross, it is double glazed. The face on the front, as you see, steps back on each floor, making each floor a different size. It was built with the idea ^{at} sometime eventually ^{of} putting ^{an} extensions out here. That is where the extension was drawn.

Mr. Shibley: You are indicating to the south of the building?

Mr. Candy: To the south of the building. That is ~~Phase~~ Phase one of that building.

Mr. Shibley: What is there now ^{is} ~~Phase one~~ Phase one?

Mr. Candy: This is Phase one.

Mr. Shibley: Yes. And with respect to Phase two, what was intended?

Mr. Candy: Well, we had never designed Phase two and we made a rough estimate that ~~we~~ in Phase two ^{we} could get about another 275,000 square feet. It was going to come out here, out on an angle and come back and go in, so that it could be made to look as though it was part of that structure.

Mr. Shibley: Are you telling us that there was no design as such for Phase two, made as of this time?

Mr. Candy: No. It was never designed.

↓

June 11/73
5:55-6:00 pm
PLG

Mr. Shibley: What about the need for integration of that Phase with this building?

Mr. Candy: The need for integration?

Mr. Shibley: Yes.

Mr. Candy: We made some provision in the columns on this side to take care of adding the other building. We had made provision for 16 elevators in that building, 13 of which ~~were~~ ^{were} to go in ~~the~~ ^{this phase} and we figured that when we put this ~~on~~ on we were going to increase that up to 16 elevators to take the whole thing.

Mr. Shibley: So that building, as conceived, could have been expanded to increase the area by how many additional feet?

Mr. Candy: We figured roughly, without designing it, about 275,000 square feet.

Mr. Shibley: Yes. Did that circumstance hold true as late as 1971 at the time you were in the throes of deciding whether to proceed with a differently designed building?

Mr. Candy: As to whether it could be expanded enough?

Mr. Shibley: Yes.

Mr. Candy: Oh I would say so. We never pursued it any farther but that was still there.

Mr. Shibley: So that to be clear, the design for this building was abandoned on ~~the~~ ^a basis otherwise than the ability to provide the number of square feet that you were seeking?

Mr. Candy: That is basically correct. There are a lot of reasons, but that was ...

Mr. Shibley: What I am thinking about, Mr. Candy, is that there has been some emphasis on the fact that a decision was taken to build in one Phase as opposed to two phases. You have heard that evidence?

Mr. Candy: Yes.

Mr. Shibley: Would it not have been possible, adopting the self-same plans that were already in existence, to simply go ahead and supplement the plans with what was intended to be Phase two, to provide you with the total area intended?

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5:55-6:00 pm
PLG

~~Mr. Candy: I would say yes, that is possible.~~

Mr. Shibley: Yes. So that if you went to the different design as indicated in Exhibit 145, it had to be for reasons other than reasons of total area to be provided by the building?

Mr. Candy: That is correct.

~~Mr. Shibley: Yes, that is correct.~~

~~Mr. Candy: Yes, that is correct.~~

~~Mr. Shibley: And the question of whether it was to be a~~

~~One phase~~

Tape H 370 follows

June 11, 1973
6.00 - 6.05 p.m.
M.R.

(Mr. Candy)

~~That is correct.~~

~~Mr. Shibley: Is that correct?~~

~~Mr. Candy: Yes, that is correct.~~

Mr. Shibley: And the question of whether it was to be a one-phase or two-phase project necessarily was at best secondary to other factors which were then weighing upon you?

Mr. Candy: It was certainly a consideration all right ~~and~~ but in weighing the other factors I think they had quite an impact on our decisions, you know, not to do that and put the second phase on.

Mr. Shibley: The point I just want to clean up right at the outset, however, Mr. Candy, is that you could have proceeded with the plans for Exhibit 146 by supplementing those plans with the plans for phase two and doing the whole project in 1971 or 1972 when you got around to it.

Mr. Candy: That could have been done, ~~yes~~

Mr. Shibley: Yes. So that if you changed the design, it had to be for reasons other than the area to be provided? Is that correct?

Mr. Candy: That is correct.

Mr. Shibley: Okay. Now let's go to what is Exhibit 145, which is the exhibit of the new building. Would you in general terms describe it architecturally?

Mr. Candy: This building is 19 ^{stories} ~~stories~~ high. It has a gross area of 1,305,882 square feet.

Mr. Shibley: Could you speak a little closer to the mike?

Mr. Candy: Oh, I'm sorry.

Mr. Shibley: It's okay.

Mr. Candy: It has a gross area of 1,305,882 square feet. This building is completely reflective glass. It has, as you have seen, this plaza in the front. We tried to open up this up and ~~we~~ incorporate an exciting plaza to give light to University Avenue.

June 11, 1973
6.00 - ~~7.05~~ 6.05 p.m.
M.R.

(Mr. Candy)

This on top, of course, is the penthouse. These are the smoke shafts coming up here. The building itself has

Mr. Chairman: Smoke shafts, did you say?

Mr. Candy: Yes, ~~for~~ for fire and smoke control, which was not in that design. ~~This building~~
This plaza has been redesigned, I guess, ~~it has been re-~~
~~designed~~ about three times even since we signed the agreement and ^{re}improved every time. We are still working on it. It incorporates a subway entrance in this corner. This one incorporated a subway entrance there.

This building has a tunnel to the engineering building. That building had a tunnel to the engineering building. This building ~~has~~ gave us a lot more space, usable space inside the building than we would have achieved by ^{that} ~~this~~ one.

Now one thing I want to make clear, here is, that ~~when~~ when we designed this building in 1967-1968 I was doing all the liaison between the architects and people in Hydro.

Mr. Shibley: Speak up a little, please.

Mr. Candy: Pardon?

Mr. Shibley: Could you speak a little louder?

Mr. Candy: Oh, sorry ~~to~~ to get the requirements and ~~I~~ I was quite enthused with this scheme. I thought it was a very unique scheme and I thought it was an excellent piece of architecture.

Mr. Shibley: Yes.

Mr. Candy: And I want to make that perfectly clear. I'm not running that building down at all but that was in 1967-1968. This was at that time and it was a concept for the requirements we had, the technologies we knew and the type of corporate image we had in that period.

June 11, 1973
6.00 - 6.05 p.m.
M.R.

Mr. Shibley: Now just stopping there for a moment, Mr. Candy, I take it, of course, the ~~some~~ conceptual features of this building were developed as long ago as 1967-1968.

Mr. Candy: That is correct.

Mr. Shibley: All right. Carry on.

Mr. Candy: And then we carried on with this stepped front. At one time the architects wanted to make that a sheer slope in that building, ~~and~~ I objected to that and I insisted on these steps because I thought ^{with} a sheer slope we'd have an awful job trying to clean windows or what have you.

But, in any event, that building is a structural design. These members that come down here are structural members. They were tested for ~~the~~ wind bracing and they had to be enlarged. That's what holds that building together really. Now that building, if I can just say something about these two schemes, as we got along farther - what we are trying to do here - if you can think of this as a building in 1968 which is an institutional building designed for Hydro ~~the~~ people, for Hydro use, the same as a lot of institutional buildings ~~down~~ down on University Avenue, ~~Here~~ we've come into a new ~~same~~ concept entirely, a new corporate image. We have been through the Toronto Beverly situation where we thought we were doing something that ~~the people~~ would ^{improve} ~~improve~~ that community. The people objected, we backed off. We've been through the Solandt Committee.

~~I went to England in 1971 in October~~

June 11/73
6:05 - 6:10 pm.
M.S.

(Mr. Candy)

~~we've been through the Island Committee~~. I went to England in 1971 in October, and I spent quite a bit of time over there. And I went over there specifically to see what the CEEB were doing at that time, to make their plants more attractive to people, and more acceptable to ~~more~~ people. And what we've done here is to try and change our corporate image. We've set this building back. We have incorporated this plaza and what we're trying to project in image here is of people participation in Hydro. We've got boutiques, we've got shopping, we've got outdoor restaurants, we've got just leisurely places to sit around in, ~~and we~~ ^{what} what we're trying to do is to say, you know, this is Hydro, come and join us. This is really the philosophy behind what we're trying to do with this building. And I think that that, in the long run, will certainly be very valuable, as far as Hydro is concerned.

So, we went from the institutional type of building, where you lock the doors at 5 o'clock, to the type of building that's open till 11 o'clock and the type of building which will bring people in the community. I think University Avenue is one of the most important streets in the city and I think that we need that kind of life on University Avenue. I've been very enthusiastic about this type of thing ever since we started this kind of design, and I'm very serious about that. I think that this type of thing is the kind of thing that we should be doing, and I think we should be projecting that type of corporate image.

Now, you get around to the changes that we've made.

Mr. Shibley: Mr. Candy, I see I've kept the committee beyond the 6 o'clock hour, and perhaps it's timely, Mr. Chairman, to leave off and we can continue this in the morning, or tomorrow whenever you're sitting.

June 11/73
6:05 - 6:10 pm.
M.S.

Mr. Chairman: Yes, Mr. Candy, some of our members, as you see, have had to leave at 6 o'clock. What you're now telling us, I think, is very important, certainly very interesting, and I think it would be wise if we break here. So, we'll stand adjourned until 3 p.m. tomorrow afternoon.

The committee adjourned at 6:10 p.m.

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Page</u>	<u>Description</u>
142.	345-1	Letter - November 29, 1972- From H. J. Sissons to G. W. Moog re Employee Facilities in New Head Office Building
143.	367-2	Photo of Model of Previously Planned Head Office Building
144.	367-3	Photo of Head Office Building Under Construction
145.	368-1	Model of Head Office Building Under Construction
146.	368-2	Model of Previously Planned Head Office Building

#15

LEGISLATURE OF ONTARIO

SELECT COMMITTEE

HYDRO HEADQUARTERS

Tuesday, June 12, 1973.

392-4-8

APPEARANCES

Committee members:

J.N. Allan
J.E. Bullbrook
I. Deans
M. Gaunt
L.C. Henderson
R.G. Hodgson
W. Hodgson
J.P. MacBeth (Chairman)
W. Newman
J.A. Renwick
G.W. Walker

Clerk of the committee:

Paul Moore

Committee counsel:

R.E. Shibley, QC

Ontario Hydro counsel:

Pierre Genest
James McCallum

Canada Square Counsel:

Douglas Laidlaw

Commission Architect, Ontario Hydro:

Kenneth H. Candy

List of exhibits introduced during this sitting appears on last page.

LEGISLATURE OF ONTARIO

SELECT COMMITTEE - HYDRO HEADQUARTERS

The committee met at 3:10 o'clock, p.m., in the members' board room.

Mr. Chairman: We now have a quorum present, I call the meeting to order, and request that Mr. Shibley speak to you in regard to the order in which he intends to call witnesses and some of his thoughts ^{as} ~~and~~ to our procedure from here in.

Mr. Shibley: Yes, Mr. Chairman and members of the committee, I have been giving some thought and have ^{conferred} ~~conferred~~ in turn with representatives of Hydro as to the sequence the evidence should take following Mr. Candy's testimony and subject to the approval of the committee ^{what} ~~I~~ have in mind ^{is} as follows: As you will appreciate, Mr. Gathercole, ~~and~~ Mr. Sissons, Mr. Candy and the witnesses to follow Mr. Candy, being Mr. Gordon and Mr. Witbeck, are on the non-financial end of things in Hydro. ^I ~~That~~ is my intention, to complete the non-financial type evidence available through Hydro in that sequence. And I would hope to do that by the end of this week.

Immediately following their evidence and rather than embarking on an examination of the financial personnel of Hydro, I then intend to call each of the Hydro commissioners. I don't expect many of them to take much time. I think it appropriate, as does counsel for Hydro, that each of them should be called to state under oath what their memory is of what transpired at the commission meetings at which the head office building was under discussion and any collateral discussion of which they might have knowledge or information.

As I say, I don't expect that that will take a great deal of time next week. The last of the commissioners that I

June 12/73
3.10-3.15 p.m.
E.M.

H-372-2

(MR. Shibley)

intend to call will be Mr. Seguin about whom certain testimony has been introduced, and I expect that his evidence may be somewhat longer than that of the other commissioners for the reasons already indicated by the evidence to this point.

Immediately following ^{ing} his evidence, I would intend to embark upon an examination of the developers. It is clear that one ~~developer~~ developer complained to Mr. Seguin, ^{it is} a matter of evidence to this point, and I think it appropriate that that developer's evidence be tendered immediately following the evidence of Mr. Seguin. And having then embarked ~~upon~~ upon the evidence of developers, I would complete the evidence of the developers, calling each in turn, or the representative, or if there be more than one the representatives of the developers ^{in turn} to assist us to the extent they are able to respecting proposals advanced by them and respecting the issues that are before ^{ing} this committee.

When the evidence of the developers is complete, I would then return to the evidence of the financial people within Hydro and deal with them, following which I would then intend to call, if I consider it necessary to call him, Mr. Anson-Cartwright, ^{who is} _^ the financial assistant that I am taking advice from respecting the financial aspects of the transaction.

Now that generally is the outline. I expect that there will be additional witnesses such as ^{as} _^ I may yet decide to call

(Tape H-373 follows)

H-373-1

(Mr. Shibley)

I expect that there will be additional witnesses such as, I may yet decide to call Mr. Safrance, depending upon whether his evidence appears relevant or whether it develops that that is a complete wash. It may be necessary to call ~~some~~ other individuals, I have in mind, for example, the possibility of calling Mr. McAuliffe of the Globe and Mail who wrote an article that gave rise to certain of the issues. So that incidentally there may be other individuals injected throughout the proceedings from time to time as the relevancy of such persons becomes apparent. But generally speaking, that is the format that I have in mind. As I say I'm in your hands, but I think that it will permit an orderly, intelligent presentation of the evidence, and so far as the financial information which I deem to be quite critical to this hearing, it will permit that to come at the end when all the input, so to speak, is available from all sources. And it is the very last of the evidence to be considered. Mr. Chairman, may I have an indication ~~if~~ that the committee agree with that?

Mr. Chairman: Would that appear to be agreeable, as we presently see the picture?

Mr. Renwick: Yes.

Mr. Bullbrook: The only thing that I have any reservation about is in questioning the developers, especially the successful developer. I am just wondering if we shouldn't have a background of knowledge of the lease agreements themselves? I realize this is a difficult thing for you, and I would not know how to do it in a different fashion. I just see a difficulty on our part, in looking to our obligations in connection with those words "undue advantage to anyone else", of being able to examine the successful developer as to the benefits accruing to such developer without a knowledge of the ~~agreements~~ ~~payments~~ ^{agreements} themselves.

Mr. Shibley: Mr. Bullbrook, I am sorry. First of all, I overlooked mentioning that I also intend to call as part of the testimony for the developer in question, I think at least three people, including a financial man from his organization, and his solicitor, Mr. Bradshaw. With respect to Hydro, when we ~~begin~~ have

H-373-2

(Mr. Shibley)

completed ^{their} ~~the~~ financial people, I also intend to call Mr. McCallum and Mr. Houser, their legal advisers. I would like to get the posit of Canada Square on record at that point of time that I have outlin And if, following completion of the other evidence, ^{the} ~~the~~ evidence of the financial people, of Hydro, of their legal advisers, of Mr. Anson-Cartwright, you deem it appropriate to recall Mr. Moog, for example, or any of his people, so as to take up with them matters that have evolved from the enlarged understanding of the lease agreement, and so to speak, compare that information with wha is already a matter of stated position, then you are free to do so.

Mr. Bullbrook: Thank you, Mr. Shibley.

Mr. Shibley: It is a chicken and egg sort of situation.

Mr. Bullbrook: Right. I understand that fully.

Mr. Shibley: So I have decided, as I say, subject to your will, ~~knax~~ to take the bit in my teeth and call the evidence in that order. I would like to have the benefit of the input so to speak from all four developers available when we examine the financial people of Hydro, and also for the benefit of Mr. Anson-Cartwright.

Mr. Chairman: It may be, of course, that some members of the committee will have some witnesses they would like to call. I don't know of any, but it may be that there are such witnesses.

Mr. Shibley: If that be so, I'd like it communicated to me as soon as the member recognizes that he wants someone called.

Mr. Allan: I am wondering, Mr. Chairman, if you have given any thought to the sittings of the committee the week after next.

Mr. Chairman: Well, I have given some thought to it, but come to no conclusions, simply because I am not sure that the House knows what its procedure is going to be. Do you know, Mr. Allan, whether the House,

Mr. Allan: I don't know, but I ^{had} ~~was~~ understood that they ^{would} ~~be~~ be adjourning during that week.

Mr. W. S. Hodgson: That's not clear yet I don't think either.

June 11/73
3:20 - 3:25 pm.
M.S.

~~(Mr. Allan)~~

given any thought to the sittings of the committee, week after next.

Mr. Chairman: Well, I have given some thought to it, but come to no conclusion. Simply because I'm not sure ~~that~~ that the House knows what it's procedure is going to be. Do you know, Mr. Allan, whether the House ---

Mr. Allan: Well, I don't know, but I've understood that they will be adjourning during that week.

? ? Mr. B. Hodgson: I don't think that's clear yet either.

Mr. Allan: Well, it may not be.

Mr. Chairman: I think we've got to play it, more or less, by ear. I think we're still planning to meet tomorrow morning, although Mr. Renwick has indicated he can't be here because there is a meeting of the justice committee, of which I am also a member. But I would be here and Mr. Renwick would be there, and that way we'll get equal representation.

Mr. Deans: I'm not sure about that. I know Mr. Renwick wouldn't want to say it.

Mr. Renwick: It's easier for me upstairs with the chairman here.

Mr. Deans: I find 9:30 in the morning an awful hour to start.

Mr. Bullbrook: Do you want to make it 8:30?

Mr. Deans: 8:30 would be better.

Mr. Chairman: Let's stick to 9:30 and then we'll meet tomorrow afternoon again and, I expect, Thursday from 3 till 6, probably ending it for this week. I think we'll have to play the other by ear, Mr. Allan.

Mr. Deans: Can I ask a question, Mr. Chairman. What is ^{it} about Wednesdays that makes sitting in the morning a worthwhile exercise?

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M.S.

Mr. Chairman: Well, ordinarily, there haven't been committee-- at least last Wednesday ~~as~~ there were no committee meetings, The private bills committee being completed, But now, in lieu of the private bills committee, they have inserted the Justice committee. But I think we should keep going with this, or else we're going to be meeting long after the House ^{ADJOURNS} adjourns and I don't think anybody wants that.

Well, I think perhaps we've come to all the conclusions we can today. Mr. Shibley, I would ask you to continue and I guess ^{IT IS} Mr. Candy you want to continue with.

Mr. Shibley: Yes, please, Mr. Chairman.

Mr. Chairman: Mr. Candy, if you would come forward again. I see they have put your ^{models} ~~plans~~ on the floor. I think that makes it a little easier for us. We can still see you and I think we can still see the ^{models} ~~plans~~. Again, I would remind you that you are under oath from yesterday. Mr. Shibley?

Mr. Shibley: Mr. Candy, yesterday you had been comparing the general philosophy, if you like, of the two buildings, And had pointed out to the committee that there was a time lag between 1967, when the plans for the first building were conceived, and 1971-1972 when the plans were ultimately shelved in favour of the new building. I gather that it is Mr. Witbeck of Hydro who is responsible for such things as staff and the housing of staff and the allocation of space to them and so on. Is that not so?

Mr. Candy: Well, not staff, but the housing of staff.

Mr. Shibley: Yes. And I'm taking it that he can give us more precise information as to the variation in the needs of Hydro in that respect, during the same lapsed period?

Mr. Candy: That is correct.

Mr. Shibley: But generally speaking, that by 1971 the earlier projections in that respect had proven to have fallen short of what were the real needs of Hydro. Is that correct?

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Mr. Candy: Yes, that's correct.

Mr. Shibley: And this was a factor weighing upon a decision to go to a one-phase larger building?

Mr. Candy: That is correct.

Mr. Shibley: And I take it, from the memoranda that I've seen also, that your experience in the landscape type of building, such as the Fairview building on Bloor Street, had led you to conclude that that was preferable to the partition type structure that had previously been contemplated?

1 Mr. Candy: That is correct.

Mr. Shibley: And again, that was a basic change in respect to the new building?

Mr. Candy: That is correct.

Mr. Shibley: Now then, were there any additional factors or features of the new building that dictated in favour of a change of plans as dramatic as we are now observing?

Mr. Candy: Yes, there were quite a few improvements that we made ~~when we~~ in the new building over the original building, and many of which we had in mind at that time. I think the one thing we should keep in mind here, in the original building, when that was designed, as I said yesterday, I said it was an excellent architectural design and I still think it is, but there were things within that building which we had done to create an interesting interior. And in so doing we did sacrifice floor space in doing this type of thing. ~~By this, I mean there's a.....~~

Tape H 375 follows

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fvk

(Mr. Candy)

~~... and in the lobby of the new first floor space of the building.~~ By this, I mean, the lobby is open up for five floors right through to the fifth floor which loses floor space in that respect, but we thought it would be a very dramatic type of thing and we thought, because of the size of the floors, that this would be a very interesting phase of that building.

~~But~~ The other thing, if you can see the openings in the sides of the building there we had light shafts to bring the sunlight down into the lobby of the building. These shafts were about 20 feet square and these shafts came down, which we thought, would be quite dramatic and we felt, at that time, would ~~x~~ be very worthwhile. However, ~~xx~~ when we came to look at this thing again we were looking at it much more on the basis of the maximum number of square feet and the maximum revenue that we could get out of this building when we looked at it the second time. It is interesting to note that ⁱⁿ the utilization of space in the new building, over the second building, ^{there} is about 6.8 per cent better utilization ~~xx~~ of space.

~~Now~~ If you take that on the basis of the first building, that represents about ~~42,000~~ 42,000 square feet of space which is worth, at \$8.50, a figure I have used ^{\$} as what we could rent it ^{for} something like \$357,000 a year.

That was one of the things. It was to try and do something with a better utilization of space. Another thing that we had in mind, the thing that we had to do, ~~We~~ had made a decision in 1971 to take the computers out of that building and locate them in what is ~~x~~ known as the service building which ~~xxxxxx~~ is ^{at the} back. You see the engineering building right back here and the service building is behind that.

We had originally provided in the new building for 47,000 square feet of computers in the basement and the lower basement and we had made provision on the first floor above grade, which was raised ~~xxxx~~ another 16 inches, to take up to a total of ~~1~~ 96,000 square feet of computers.

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(Mr. Candy)

~~Now~~ In moving these computers that meant we had recessed floors which were recessed 16 inches. We had chilled water going to all the computers. We had ~~split~~ a quite elaborate electrical system to the ~~xx~~ computers. We also had provided for chilled water in this building to go through the tunnel to service the engineering building.

When we moved the ~~xx~~ computers to the engineering building we made it self-sufficient by itself so that we no longer needed that facility, that ~~xxxx~~ additional capacity in the building.

Another thing that concerned us was that this building was designed ^{and} and this is something that I want you to ~~look into~~ ^{note} ~~Mr.~~ ^{Allyn} ~~around~~ and I think, ^{brought this up} ~~perhaps~~ at one time. This building was designed for 200 foot-candles of lighting. This was to be achieved. It was a coppered ceiling with three-foot squares of lights with cross-lights like that. We were going to put, I think, three tubes in to begin with, but we made it the 200 foot-candles so that we could have ~~draughting~~ drafting in any area. This is what we planned on. ~~Now~~ In providing for 200 foot-candles of lighting, this, of course, increased the air-~~xxxx~~ conditioning capacity considerably. And, as the result of doing that, we had a restriction between our ceiling space and the deep beams to get the air back over the top of the beams into the return air shafts so that this led us into water-cooling all our lights. So we had lights designed which had tubes on top of the lights from which we were running cold water to cool ^{the} lights to reduce the heat to reduce the amount of air because we had a restriction of air. This ^{was} ~~xxxx~~ throughout the building. This was 200 foot-candles of lighting.

~~Now~~ The other ~~xxxx~~ thing was that I felt very strongly that, in this area, ^{at} I had worked ~~xxxx~~ 620 University Avenue before I went to Bloor Street. I had been there for 20 years. And I felt very strongly about having much more commercial in this area than we have. ^{for} There's nothing around there. There's

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(Mr. Candy)

quite a population of people around there, ~~both~~ in the hospitals, in the Parliament Buildings, in the universities, ^{and} board of education, and I felt that there were enough people ~~xxxx~~ around there to support something. I was very much in favour of this type of thing.

~~Having moved our people up to Bloor Street~~

(Tape H-376 follows)

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M.T.

H-376-1

(Mr. Candy)

~~I think there were enough people around then to support something,~~
~~and I remember it was a very good thing.~~ Now, having moved their people up to Bloor Street, we had 2,000 people at 77 Bloor, we had people at 250 Bloor, we had people on Yonge Street, we had people on Bay Street. And all of these people found that this new environment, with shopping and restaurants and everything, was very attractive to them; and I was one of those people, I felt the same thing, I was at 77 Bloor.

When I moved from 250 Bloor to 77 Bloor we had to move people from 250 back to 620 University Avenue. Nobody wanted to come back because they said, you know, University Avenue was dead. Now this of course involved taking a new look at this whole thing, and I felt also at that time, in order to make this thing viable, it was not just a case of putting shops in the basement of the building, it was a case of putting them someplace ~~where the public~~ where the public could participate.

I remember ~~the~~ talking to the caterers when we were doing this building and the restaurant and they impressed on me many times the fact that you don't make money out of lunches and coffee breaks, you've got to get the ~~the~~ night-time trade. And so I was very much enthused by this type of thing and I felt that we now should be doing much more in that area than we had envisaged before. Before, as I said yesterday, ~~it was an~~ it was an institutional building for Hydro people, and I felt now that we should be doing much more in that area and getting a much bigger commercial area in the building.

Now, when we moved to 77 Bloor, we put in office landscaping. Now, office landscaping, I think most of you are familiar with office landscaping, this is a series of open office planning with no partitions, it's done by screens, and to make it as flexible as you can, for the first time in there we used the pack-poles and we brought all our services down from the

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H-376-2

(Mr. Candy)

ceiling, that is, the power and telephones, from the ceiling instead of up through the floor.

This building was not designed on that basis. We had given some thought, but we really didn't know anything about office landscaping; we had never tried it, so that this building had a ~~one~~ floor with a concrete slab over the top and was provided with raceways for bringing power and telephone up through the floor.

Now, we had definitely gone on the route of bringing everything down from the ceiling, so this made another change in the whole thing.

Now, the other thing that we ran into as we went along, when we got to 77 Bloor, after we were there for a short while, we had several fire drills in 77 Bloor. We had problems, we could see we had problems, with evacuating people out of a 20-storey building. I knew there had been a couple of bad fires in high-rise buildings in New York. I didn't really know what the cause was, or what the problems were; and when I went to the OISE building, I saw a system there but I didn't really relate it to this. It was a system which is now known as a compartmentation system, but when I went to the Canada Square building, I got a little more acquainted with what they were trying to do at that point, ~~there~~ with respect to fire and smoke control. In the 1970 National Building Code you will see in ^{there} ~~here~~ that they had a seminar in 1970, which I wasn't at, ~~but~~ with respect ~~to~~ to fire in the high-rise buildings; and they were recommending at that time that smoke shafts be put into these buildings, or some means of ventilation floor by floor.

In 1972, this became a mandatory thing with the Department of Labour in Ontario, which referred back to the National Building Code. So what we had done in this building, if I can just explain the type of system that we had changed to: Here we have a building where all the air-handling equipment was

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(Mr. Candy)

on the 15th floor which served from the 15th floor right down to the third floor, and there was a slab at the third floor. These were big open shafts; the supply air was coming down in ducts. The rest of the equipment was in the basement, the chillers were in the basement, the air handling was in the basement, and this was feeding up to the third floor.

Now, what happens in a system like that is, and this, mind you, was the accepted thing to do at the time that was built; I am not running down the system at the time it was done, it was being done all the time, but as you go along and as you read about these things you will find why fire does spread in buildings. It's smoke, really, more than fire.

So, what we have done as a change from this building to that building, we have ^{got} the latest thing in fire and smoke control in that building. As a matter of fact, if we tried to build that building in 1972 we would have had then to change. ~~The Bank of Commerce have used their elevator shaft for smoke control....~~

Tape H-377 follows

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(Mr. Candy)

The Bank of Commerce have used their elevator shaft for smoke control with louvres at the top, at that time. When they got their permit, it was not a mandatory thing, ^{I in 1972} and suddenly it was mandatory. So that what happens here is that all the air in the room, this is a complete air system, the air comes in down through the ceiling, through the lights; and circulates back through the lights in the existing building, goes back over the top of the ceiling and goes through quite large openings into an open shaft.

Mr. Shibley: Excuse me, Mr. Candy, I think there are a number of people who are having difficulty hearing you.

Mr. Candy: Oh, I am sorry.

Mr. Shibley: Would you like to speak up and speak a little more ^{clearly} ~~close~~ to the microphone?

Mr. Candy: In this original building, it was an all-air system in which the air in the building, the conditioned air in the building, ~~which~~ was fed ~~through the~~ down from the top of the building on the 15th floor; there was a penthouse above that on the 16th; but on the 15th floor it was fed down and the air came ~~in~~ down in ducts, the supply air, that was fed in through the top of the ceiling, and then it came ~~in~~ out through the sides of ~~the~~ there were channels ^{on} ~~of~~ five-foot centres in the ceiling; all these channels on a five-foot grid were put in, exposed in the ceiling, ^{then} ~~which~~ were there actually to take partitions so you could ~~put~~ ^{see} partitions into them ~~and~~ ~~we~~ particularly brought the air in and out of the sides of those things so you could put partitions in the bottom.

The air then got into the rooms through these things and went out through the same source, back into the ceiling space, over across the top of the ceiling, and then up this big shaft as an open shaft ~~and~~ what can happen then? Now there were fire dampers on those things but what happens then can happen and has happened in some of these buildings ~~is that~~ the smoke then gets ~~in~~ in over the top of other ceilings and circulates through the building and before you know it, you

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(Mr. Candy)

have the building full of smoke. Now, in the new building we have what we call a compartmentation system so that every floor is self-contained. The air-handling facilities are on every floor. There are two small air-conditioning rooms on each floor which handle the air on that floor so that if you have a fire in that building, you evacuate the fire floor and maybe the floor above and the floor below but that's all.

Now that is an improvement. ~~But~~ This grew up over a period of time. I was aware there was a problem but I am not saying that I knew the problem, I am just saying that I was aware the problem was there but as time went on, and when I got to talking to Canada Square and finding out the system that they had in their building, I got to know more about the thing, ~~and~~ this was another one of our reasons, actually, for doing this so that the building we had, for the technologies and the requirements and so on we had at the time, there was nothing wrong with what we were doing. If we ~~had~~ built it — I mean ~~at~~ ^{have} 620 University, we ~~would~~ never ^(had a) ~~have~~ fire but you never know, ~~but~~ ^{it} became a problem when we got into this building and we started trying to evacuate the building at 77 Bloor, ~~so that~~ All of these things led us to the decision finally to change over entirely and build this other building.

Now, ^{to} ~~it~~ just kind of recap, I think the office landscaping angle of it had an effect, because in the present building to make office landscaping really effective you needed ~~it~~ ⁱⁿ wide open areas. We have found that out; ~~that~~ you can't just put office landscaping in narrow areas or it just becomes cosmetics. It is not office landscaping any more. I mean, ~~if~~ people want office landscaping somewhere; they want the screens and the plants and the colour and so on. That's cosmetics but proper office landscaping is proper acoustics and properly laid out so that you don't get the bounce off these walls. I have been around in the States. I have been around to a lot of places. I have been to seminars to look at office landscaping and study this thing. Mr. Witbeck and Mr. Carroll have done the

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(Mr. Candy)

same thing. We have put a lot of thought into this thing ~~and~~
When we went into 77 Bloor Street West we employed the
Quickborner people at that time, who started this thing in
Germany, ~~and were able to~~ assist us in doing it. So that these
are really a series of reasons, you know, why we finally
abandoned that plan. We realized, first of all, we needed a
bigger building, ~~and as I said yesterday, sure we could have~~
~~expanded that building....~~

(H-378 to follow)

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3:40-3:45 pm
C.B.

(Mr. Candy)

~~... we needed a big building, and as I said~~
yesterday, sure, we could have expanded that building and
got ~~that~~ that floorspace. But the building itself has a
central core, and the central core is the same size all
the way up, ~~so~~ you can see that the floors are reducing
in size by that step-back pace. ~~So~~ This made office
landscaping as you get farther up much more difficult
to do because of the spans. These are basically the
reasons that I'm ~~xx~~ saying as to why we made a change
at that time. This came about late in 1971, when we
finally made a decision that we would abandon the
plans for that building.

Mr. Shibley: Mr. Candy, the plans for the first
building ~~were~~ shelved in late 1969. At the ~~at~~ time the plans
and specifications were ready for tender. They were
literally complete, were they not?

Mr. Candy: That is correct.

Mr. Shibley: And a cost of \$1.5 million had
been incurred in ~~the~~ connection with those plans?

Mr. Candy: That is correct.

Mr. Shibley: Not withstanding that cost, I
take it that you and the other people responsible for the
decision to abandon those plans concluded that all the
factors you ^{have} ~~now~~ ~~outlined~~ justified the write-off of \$1.5
million of cost for a building that no longer suited
your purpose.

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C.B.

Mr. Candy: Yes, and this wasn't easy, I've got to admit. This bothered us; we realized that we had spent that money. But we finally did make a decision, and I guess that I've got to take quite a bit of the responsibility for persuading our people that we should make the change.

Mr. Shibley: All right. Now then, I gather throughout the year 1970 there was really no action taken respecting a new building.

Mr. Candy: That's right.

Mr. Shibley: And this situation continued until roughly the latter part of April, 1971.

Mr. Candy: That's right, yes.

Mr. Shibley: When there was revived activity in this respect. Is that correct?

Mr. Candy: That's correct.

Mr. Shibley: During the interval I've just outlined, were you aware of the reasons for the deferral of the construction of the new building?

Mr. Candy: The reasons for the deferral of the previous building you mean?

Mr. Shibley: Yes.

Mr. Candy: Oh, yes.

Mr. Shibley: What were they?

Mr. Candy: Economic.

Mr. Shibley: When you say "economic" are you talking about the inflationary cycle that we were in in terms of the economy?

Mr. Candy: That's right. The overheated economy.

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C.B.

(Mr. Candy)

the high interest rates and so on. ~~This~~ This was certainly my understanding of why that was stopped.

Mr. Shibley: That ~~was~~ the reason that this project could not carry forward?

Mr. Candy: That ^{is} correct.

Mr. Shibley: Had it not been for the economy, the building would have progressed in 1970, ~~is~~ is that correct?

Mr. Candy: I would say yes.

Mr. Shibley: And it would have ^{been} built ~~with~~ with money borrowed by Hydro in the ordinary way?

Mr. Candy: That was my understanding.

Mr. Shibley: And it would have been tendered in the ordinary way?

Mr. Candy: That is correct.

Mr. Shibley: Do I take it that that circumstance prevailed throughout the year 1970? In other words, if it had been decided to go ahead with the original plans, you would have tendered it in the ordinary way and built it with moneys borrowed in the usual way, during that year?

Mr. Candy: I can only say, I assume we would ~~have~~ have. ~~We~~ We didn't discuss it during that year. It was just on the shelf. I imagine if it had been revived in 1970, we may have had some second thoughts. That's just an assumption. I don't know, Mr. Shibley.

Mr. Shibley: You never heard anyone suggest to you during the year of 1970, that Hydro did not want to employ its usual borrowing sources to ~~the~~ fund the construction of this building?

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C.B.

Mr. Candy: No, I never heard this, no.

Mr. Shibley: The first you ever heard of that proposition was in the year 1971?

Mr. Candy: That is correct.

Mr. Shibley: And when was that in 1971?

Mr. Candy: When was that in 1971?

Mr. Shibley: Yes.

Mr. Candy: I would say that was in the fall of 1971, as far as I'm concerned.

Mr. Shibley: Could you be more precise as to the ^{time} when you say the fall, would that be in October?

Mr. Candy: No, I'd say in November.

Mr. Shibley: November, 1971, was the first time it was brought to your attention that financing was a factor. Is that correct?

Mr. Candy: That is correct. I've seen a lot of paper since I've been at this inquiry ^{that} I've never seen before, and I was not part of those studies and I wasn't really concerned with that part of it at that point.

Mr. Shibley: I just want to be clear on this.

~~So far as your information is concerned~~
~~up to November~~

H 379 to follow

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3:45 - 3:50 p.m.
M.R.

(Mr. Shibley)

~~... I just want to be clear on this.~~ Then so far as your activities throughout 1971 are concerned up to November of that year, no action taken by you was in any way influenced by any thought of a limitation on the financial capabilities of Hydro to fund the construction of its own building?

Is that correct?

Mr. Candy: No action taken^u by — what is that again?

Mr. Shibley: Nothing you did, no decision or recommendation made by you was influenced by a financial consideration?

Mr. Candy: No, although you could turn that around and maybe what I did influenced them somewhat.

Mr. Shibley: I realize that, Mr. Candy.

Mr. Candy: Yes.

Mr. Shibley: At the moment I'm only interested in what was motivating you.

Mr. Candy: No, nobody influenced me.

Mr. Shibley: You were not motivated throughout the period to November 1971?

Mr. Candy: Not that I recall.

Mr. Shibley: Yes.

Mr. Candy: I don't recall it.

Mr. Shibley: Now I'm presuming, of course, that an anxiety was developing in you by the spring of 1971 to get on with a new building. Is that correct?

Mr. Candy: That's putting it mildly.

Mr. Shibley: Yes. And I suppose that you were aware of various analyses that were made of the cost to Hydro resulting from the delay in getting on with your building. Is that correct?

Mr. Candy: You mean the cost of renting space outside and this type of thing?

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M.R.

Mr. Shibley: The cost resulting from what they called the scattering ←

Mr. Candy: Geographic scatter?

Mr. Shibley: Yes.

Mr. Candy: Yes.

Mr. Shibley: That was part of it?

Mr. Candy: Yes.

Mr. Shibley: And the cost resulting from escalation of construction costs?

Mr. Candy: That's right.

Mr. Shibley: These were all weighing upon you?

Mr. Candy: That's right.

Mr. Shibley: Mr. Candy, when are you due to retire from Hydro?

Mr. Candy: My ambition is to build this building and then retire. ~~and~~ I'm going to retire the day it is finished.

Mr. Shibley: That is what I suspected when I asked the question. Did that add to your anxiety about getting on with it?

Mr. Candy: No. Retiring is secondary but my one ambition is to get that building built.

Mr. Shibley: I didn't mean that you were anxious to retire. What I meant was, were you anxious that you might ~~not~~ reach retirement before you were permitted to get this building built?

Mr. Candy: Well, that's kind of a loaded question, I guess.

Mr. Shibley: It's not quite like "when did you stop beating your wife?"

Mr. Candy: I can recall saying to people, you know, I'm going to stay around here if I have a beard down to there trying to do it, you know.

Mr. Shibley: Yes.

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3.45 - 3.50 p.m.
M.R.

Mr. Candy: But - no, I will retire when this building is finished. That's my ambition. I have nothing to gain. I won't even have an office in this building.

Mr. Chairman: Will that be before or after the inquiry is finished?

Mr. Renwick: I'm not sure which will come first.

Mr. Shibley: Taking you back to 1971, I gather though that this was a very dominant fact of your life, the planning and construction of a new head office building for Hydro?

Mr. Candy: That's right.

Mr. Shibley: Now then, Mr. Candy, I will come back later to the circumstances that introduced you to a lease-purchase concept. I want to project ahead just for a moment and ask you about decisions that were taken and recommendations made in late November 1971.

You were in the hearing room when I went over the evidence with both Mr. Gathercole and Mr. Sissons referable to the general managers' meeting of November 22, 1971.

Mr. Candy: Yes.

Mr. Shibley: and the notes on logistics compiled by Mr. Sissons dated November 25, 1971?

Mr. Candy: Yes.

Mr. Shibley: And you heard Mr. Sissons say that yes, for purposes of salvaging part of the original plans, he was quite prepared to recommend and vote for seizing upon one developer, namely, Canada Square, to do the new head office building as of that date. You heard that?

Mr. Candy: Yes, sir.

Mr. Shibley: And did you join him in that view at that time?

Mr. Candy: You mean salvaging plans, or what?

Mr. Shibley: Well, let's start with this.

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M.R.


Mr. Candy: I'd like to clear _____

Mr. Shibley: Were you prepared as ~~at~~ at November 25~~th~~, 1971, to have Canada Square as the developer to develop your new head office building without regard for other developers?

Mr. Candy: No, ^I would say not, but I would say that at that point I was very enthusiastic about Canada Square.

Mr. Shibley: Are you saying that under no circumstances were you at that time prepared to abandon a competition, so to speak?

~~Mr. Candy: Well I really never felt it was the opinion that anybody that we should abandon competition because I can remember in late November~~



H-371 to follow

June 12/73
3.50-3.55 p.m.
E.M.

H-380-1

(Mr. Shibley)

~~Abandon a competition, so to speak~~

Mr. Candy: Well, I really never felt it was the opinion of anybody that we should abandon competition, because I can remember in late November, sometime in November, when we had made this decision, I can remember distinctly the chairman saying, "Well now, let's get these people in and talk to them".

Mr. Shibley: Now, Mr. Candy, I want your position clear before we start on a review of the detailed evidence. Is it your position with this committee that as at November 25th, for whatever reason, that notwithstanding the documents— I don't intend to read them again to you unless you want me to—that it was not then decided to recommend to the commission to proceed with Canada Square alone?

Mr. Candy: Oh, no.

Mr. Shibley: You say not?

Mr. Candy: No, I ~~wasn't~~ SAY NOT.

Mr. Shibley: You say that even in the circumstances then prevailing that you intended a competition to take place?

Mr. Candy: As far as I am concerned ~~yes~~

Mr. Shibley: And are you saying to this committee that that intent continued following November 25 till the ultimate decision of the commission to decide upon Canada Square?

Mr. Candy: You mean leading up to July 19 or June 23?

Mr. Shibley: Yes. When do you say the decision was made in ~~your~~ your mind that Canada Square should build this building?

Mr. Candy: I would say that the decision in my mind— you are saying in my mind, I don't make the decisions, I only ~~was~~

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E.M.

Mr. Shibley: I know.

Mr. Candy: ~~—~~ make the recommendations. I would ^{the decision} think in my mind that Canada Square should build the building would be, I guess, along sometime in June.

Mr. Shibley: June of ~~1972~~ ~~1973~~

Mr. Candy: Of '72.

Mr. Shibley: Can you be more precise ?

Mr. Candy: I have to admit, you know, that I was very oriented to Canada Square.

Mr. Shibley: I am thinking of terms of when you came to the conclusion that they should be the company.

Mr. Candy: Well, I'll ~~say~~ say one thing, in all fairness to everybody, that when we went into this thing ~~and~~

Mr. Shibley: I can't hear you, Mr. Candy.

Mr. Candy: I am sorry. I'll say one thing: ~~When~~ when we into this thing and we got other people, you know, to put in proposals for this thing, it was never our intention that we were using people just to justify Canada Square. We intended to get proposals and I told these people at that time that we would then decide who we would negotiate with further. ~~Then~~ ~~the~~ the negotiations that took place beyond that, which the financial people were doing basically, I got information for them when they wanted it. But as I say ~~and~~ and I am not denying it ~~—~~ I was certainly oriented to Canada Square; I was quite impressed with Canada Square, but the decision to go with Canada Square as far as I was ~~was~~ concerned was made at the time that I wrote that memorandum to the commission of June 23. ~~Possibly~~ possibly a little earlier than that. ~~This~~ This is when I felt that, you know, ~~that~~ we were justified and I had a rationale for doing it at that time.

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Mr. Shibley: Mr. Candy, let's go back then. The first exposure you had to Canada Square was through your attendance at the OISE building on June 7, 1971. Is that correct?

Mr. Candy: Yes, that is correct. Is that June 7 or June 8?

Mr. Shibley: June 8, 1971. Is that correct?

Mr. Candy: Yes.

Mr. Shibley: Until that time had you ever heard of Canada Square?

Mr. Candy: Never.

Mr. Shibley: I might tell the members of the committee that Mr. Candy's diary on that on June 8, 1971, indicates: "Go with Mr. Sissons to OISE building, Witbeck and" - someone else - "Jerry Moog, Dominion Square Corporation"/ The import of that excerpt being, ~~that~~ I gather, that you didn't realize that ~~the name~~

(Tape 381 follows)

June 12, 1973
3.55 to 4.00
M.T.

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(Mr. Shibley)

~~Import of that excerpt being that I gather that you didn't realize~~
~~that~~ the name was Canada Square, as opposed to Dominion Square,
when you made this entry in your diary. Is that correct?

Mr. Candy: Is that entry ~~on~~ on the same day or what ~~is~~?

Mr. Shibley: Yes, it's on ~~the~~ June 8, 1971.

Mr. Candy: I must have written that in when I came back.
Before I went to the OISE building I had no idea who built it or
who Mr. Moog was.

Mr. Shibley: And you didn't even know the correct name
when you got back, then? You called them Dominion Square instead
of Canada Square. I am just pointing ^{to} this corroborative of what
you said, Mr. Candy, that you did not know these people prior to
this time, Is that correct?

Mr. Candy: That's correct.

Mr. Shibley: And I note, you are quite right, the entry
must have been made afterwards because it references "\$5.09 per
square foot for 30 years; \$16 million total cost for 430,000 square
feet or about \$30 per square foot; includes maintenance but no
hydro or taxes." That was your note as to information ~~←~~

Mr. Candy: That I had gained at that meeting.

Mr. Shibley: ~~←~~ that you obtained at the time of your
meeting that day, Is that correct?

Mr. Candy: Yes, that's correct.

Mr. Bullbrook: Excuse me, Mr. Shibley, ~~I wanted to~~
I know that you have asked the question whether he was acquainted
with Canada Square, It's obvious he wasn't, because of the
corroborations you point out. He also volunteered in answer to
your question that he wasn't acquainted with Mr. Moog either. I
just wanted to clarify that. Would you just ask if that is correct?

Mr. Shibley: That is correct, isn't it, Mr. Candy?

Mr. Candy: That's correct, yes.

Mr. Shibley: And it was Mr. Sissons who, among others,

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(Mr. Shibley)

attended with ~~o~~ you ~~o~~ on that day?

Mr. Candy: That is correct.

Mr. Shibley: So he did visit with you and not alone?

Mr. Candy: ~~It was~~ ^{It was} Mr. Sissons, Mr. Witbeck and myself.

Mr. Shibley: And who arranged for that meeting?

Mr. Candy: It was arranged through Mr. Sissons. ~~It~~
certainly wasn't arranged through me. I was asked to go by
Mr. Sissons.

Mr. Shibley: While you were there with Mr. Sissons
and Mr. Witbeck, was anyone else there from Hydro?

Mr. Candy: No, not that ~~no~~, not when we were there.

Mr. Shibley: What discussion did you have with Mr. Brooks?

Mr. Candy: Well, we talked to Mr. Brooks about the ~~we~~
first of all we took a tour of the building, we looked through
the building; we talked to him about the kind of a deal they had.
He told us that he had a lease-purchase arrangement. He told us
what the rate was; ~~what the rate was~~ I had never heard about a
lease-purchase before in my life, ~~and~~ ^{and} the thing appealed to me.
He told us that they were buying this over a 30-year period, ~~and~~
I asked him who built the building and ~~he told me~~ he told me
Canada Square, ~~and~~ I asked him who the president, or who the man
at Canada Square was to see, ~~and~~ and he ~~told me~~ told me Mr. Moog.
I think ~~my~~ my memorandum to Mr. Sissons after I came back is
pretty well definitive of that.

Mr. Shibley: Yes.

Mr. Candy: I think what I have in the memorandum, Mr.
Shibley, ~~is~~ pretty accurately describes ~~what~~ ^{se} what took place.

Mr. Shibley: All right. Now following upon that visit,
you attended upon Mr. Moog on June 11, 1971, ~~is~~ ^{Is} that correct?

Mr. Candy: That is correct.

Mr. Shibley: At who ~~se~~ ^{se} instance did you make that visit?

Mr. Candy: Mr. Sissons asked me to go and see Mr. Moog.

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Mr. Shibley: Had he been speaking to Mr. Moog previously?

Mr. Candy: No.

Mr. Shibley: Did you call Mr. Moog to set up the appointment?

Mr. Candy: Yes.

Mr. Shibley: Did Mr. Moog indicate that he was aware of Hydro's interest in the OISE building?

Mr. Candy: No, ~~no~~ not that I recall. I just told him I wanted to come up and see him about Hydro ~~and~~ at least I assume that's what I said; I honestly can't remember what I said, but I just made an appointment to see him.

Mr. Shibley: I take ~~it~~ it that as far as you ~~were~~ were concerned, you were the first person to communicate to Mr. Moog the interest that Hydro had in the OISE building?

Mr. Candy: That is correct.

Mr. Shibley: And the interest you had in discussing with him the possibility of a lease-purchase arrangement for your new head office building?

Mr. Candy: That is correct.

Mr. Shibley: Now then, who was present at the meeting?

Mr. W. Newman: Mr. Shibley, I am just a little confused. You said "discussions regarding a lease-purchase agreement with Mr. Moog and Canada Square."

Mr. Shibley: Yes.

Mr. W. Newman: The inference that I got out of that was that they were discussing a lease-purchase arrangement with Canada Square at ~~this~~ ^{that} time.

Mr. Candy: No.

Mr. Shibley: No, ~~the only~~ I think the question was, was he the first person who communicated ~~to~~,

~~Mr. Candy: No, the question was the lease-purchase type of arrangement, that was all that was -- we talked about that, that's what I was talking to him about.~~

~~Mr. Shibley: Thanks Mr. Newman.~~

....

Tape H-382 follows

H-382-1

(Mr. Shibley)

~~Was he the first person who communicated?~~

Mr. Candy: The question was the lease-purchase type of arrangement. We talked about that. That was what I was up talking to him about.

Mr. Shibley: Thank you. Who was present at the meeting of June 11 with Mr. Moog?

Mr. Candy: Just, Mr. Moog and myself.

Mr. Shibley: NO other person?

Mr. Candy: No, not that I recall. Nobody else.

Mr. Shibley: You discussed certain things with Mr. Moog on that occasion?

Mr. Candy: What I went up to find out was something about his organization, ^{to} see what kind of an organization he had.

Mr. Shibley: Yes. What did you discover?

Mr. Candy: I discovered that he had a fairly well rounded out organization with most of the disciplines necessary, that he had his own construction equipment, that he had his own construction forces, that he had real estate people and commercial people, and he had a fairly well rounded out organization with their own design facilities.

Mr. Shibley: Did you, before you attended Mr. Moog, receive any particular instructions from Mr. Sissons?

Mr. Candy: No, other than just to go up and see Mr. Moog and ~~see what he had to say~~ talk to him about this type of deal that we had found out from OISE.

Mr. Shibley: I see. When you said in your memorandum, "At which time we discussed the possibility of having him finance and construct the above building on a lease back proposition", what did you mean by that?

Mr. Candy: I guess I told him then that we had drawings of a building.

Mr. Shibley: Yes.

Mr. Candy: Now I was not aware at all as to whether a developer, ^{my} My idea of a developer up to that time was somebody

H-382-2

(Mr. Candy)

that did the whole thing. I was not aware of whether a developer could take a set of drawings that you already had and put it up. I have heard of that being done on a lease-back, but not a lease purchase, and I was trying to find out whether it was possible for a developer to take something that we already had and which he was going to put up his money to do, and do it on a lease-back, and take the risk on that building without having any say in what the building was.

Mr. Shibley: But you had a lease-purchase type transaction in mind when you first met him on June 11, is that correct?

Mr. Candy: Yes, that's correct. That is why I went up there.

Mr. Shibley: That's right.

Mr. Candy: I didn't go up to him as a contractor. I went up to him as a developer, and I felt that here was somebody that, you know, had done this thing before, and I didn't know anybody else who had, so I wanted to talk to him about it and see whether this was possible. I was quite intrigued with the rental they were getting at OISE, which was much below the rentals we were paying, and this kind of thing intrigued me.

Mr. Shibley: Mr. Candy, I gather from your earlier answer that finances were not a factor ^{WEIGHING} ~~WEIGHING~~ upon your thoughts and actions until November of 1971, that when you discussed a lease-purchase with Mr. Moog on June 11, 1971, it was not because of any consideration of the limits on Hydro's financing at that time?

Mr. Candy: Not really. It was just a way of getting this building off the ground.

Mr. Shibley: Well not at all, in light of your earlier answer.

Mr. Candy: Pardon?

Mr. Shibley: It was not at all a consideration in your thinking at June 11.

Mr. Candy: That we would...

H-382-3

Mr. Shibley: That you had any need to fund the cost of this building otherwise ^{than} through your usual borrowing sources.

Mr. Candy: No, ^That is correct. But here was a new thing that we had run into, so we wanted to investigate it.

Mr. Shibley: Yes. My point is, though, ~~was~~ when you were first embarking on discussion of a lease-purchase transaction you were not motivated as at June 11; you, Mr. Candy, were not motivated by any thought of financial limits on Hydro?

Mr. Candy: Yes. I would say that.

Mr. Shibley: You agree with that?

Mr. Candy: Yes.

Mr. Shibley: All right. Now let's go on. The reason you were talking about it was you were fascinated by the concept as outlined to you by Mr. Brooks at OISE.

Mr. Candy: Yes. That's right.

Mr. Shibley: Then you went on and said in a ~~man~~

Mr. Candy: And I thought this was a way of getting something moving, getting something TH done.

Mr. Shibley: Exactly. And as we already have established you were very anxious to get the thing moving.

~~Mr. Candy: That's all right.~~

H-382-1 follows

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4:05 - 4:10 pm.
M.S.

(Mr. Candy)

~~something moving, getting something done.~~

~~Mr. Shibley: Exactly. And as we already have established, you were very anxious to get the thing moving.~~

Mr. Candy: That's right.

Mr. Shibley: And in the second paragraph — do you want this document in front of you, by the way?

Mr. Bullbrook: Would you refer to what exhibit number this is?

Mr. Shibley: I'm sorry. Exhibit 13.

Mr. Bullbrook: 13 and ~~and~~

Mr. Shibley: June 14, 1971. Now, then, in the second paragraph you state: "I explained the Commission's position in this situation, the requirements of the building and the status of our drawings and documents to date and found him very enthusiastic about the proposition." Now, on ~~whose~~ authority did you outline that information to Mr. Moog on this first visit?

Mr. Candy: Well, I guess Mr. Sissons asked me to go up and talk to him about it, and I felt that I was quite free to discuss that situation with him. I told him we had drawings already finished. We had specifications and everything else ready.

Mr. Shibley: Yes. Were you talking a lease-purchase referable to those drawings then?

Mr. Candy: Oh, definitely.

Mr. Shibley: I see. Then, you mention here ~~and~~

Mr. Candy: I didn't have the drawings. I didn't have anything to show him. I just went up myself.

Mr. Shibley: You note that he was very enthusiastic. You heard Mr. Brooks' evidence the other day, did you?

Mr. Candy: Yes.

Mr. Shibley: And Mr. Brooks said that he reported to Mr. Moog the interest shown in the OISE building within a day

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M.S.

Mr. Shibley

after your visit on June 8. Is that correct?

Mr. Candy: Well, he said that. I didn't know that, but he said that.

Mr. Shibley: But I gather that Mr. Moog -- and he said that Mr. Moog wasn't even very interested in his call.

Mr. Candy: Yes, I heard him say that.

Mr. Shibley: But he was demonstrating interest to you on the 11th? Is that correct?

Mr. Candy: That's correct.

Mr. Shibley: Did he make any reference to his communications with Mr. Brooks?

Mr. Candy: Not that I recall.

Mr. Shibley: Did you ever have any discussion with Mr. Moog referable to the exchange between ^{him} ~~he~~ and Mr. Brooks?

Mr. Candy: The exchange between ^{him} ~~he~~ ^{him} ~~he~~

Mr. Shibley: Whether by phone call, letter or otherwise. Any communication between ^{him} ~~he~~ and Brooks?

Mr. Candy: No, no. He's mentioned Mr. Brooks, but ~~I never~~ as far as phone calls or writing or anything else, I've never seen anything like that. Sure, he knew Barry Brooks and I guess I told him when I was there that I was quite enthusiastic by what Barry Brooks had said to me about what Mr. Moog had done in the OISE building.

Mr. Shibley: All right, then, going on with ~~your~~ ~~information~~ your memorandum. You mention that he has consultants and so on, and ~~any~~ only goes into one project at a time. And you referenced another proposition which is pending, involving one and a half million square feet.

Mr. Candy: ^{Yes} ~~That's~~

Mr. Shibley: What was the purpose in referring to this other project?

Mr. Candy: Well, he mentioned that he does only go into one project at a time, ~~and~~ ^{he} said that he had this other

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(Mr. Candy)

thing pending, which would mean, you know, ^{if} if you're going to do something, we'd like to know, ³ kind of thing. I would think he just mentioned that he had another job pending. Whether that was a fact or not, I can only assume it was from what he said. It just really meant to me that they had other things in mind other than this.

Mr. Shibley: Now, when you said in your memorandum that: "Mr. Moog seems very well informed and I think ^{is} quite sincere." What did you mean by that?

Mr. Candy: Well, I felt that he was very well informed on all phases of this type of development operation. And I felt he was quite sincere. He seemed to know the construction business. He seemed to know the financing end of the thing. He seemed to know the commercial aspect of it, and I was really — to be honest — I was quite impressed.

Mr. Shibley: What were you impressed with?

Mr. Candy: I was impressed with his sincerity and, I think, with his knowledge of the situation of the general development business, really.

Mr. Shibley: Were you impressed by the circumstance that he represented himself to be a friend of Premier Davis?

Mr. Candy: He didn't represent himself to be a friend of Premier Davis.

Mr. Shibley: What did he represent to you, in that connection?

Mr. Candy: You're getting down to my famous paragraph, now.

Mr. Bullbrook: That's right.

Mr. Candy: Let me explain this. The reason that this came out was, he was telling me.....

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4:10-4:15 pm
C.B.(Mr. Candy)

Let me explain this. The reason that this came out was he was telling me about his connections in the banking industry in Germany.

Mr. Shibley: Yes.

Mr Candy: He comes from a family who are connected with the banking industry in Germany, ^{and} he has connections in Germany. He was talking about his ability to raise money in Germany. Whether he said exactly what he said there or not, I don't know, I put it down at that time, and ~~the fact that he had connections in Germany~~ the significance of that seems to be, to me, kind of overdone. But in any event, ~~that~~ the only reason I put it down there was to add some weight to the fact that he did have financial connections. That is really the reason that ^{it} is down there. We never discussed whether he was a friend of Premier Davis or anything else. He just happened to mention that ~~that~~ he expected to do that, and whether he did or not I've no idea.

Mr. Shibley: Can you be more precise as to the exactly what Mr. Moog said in this respect?

Mr. Candy: It is awfully hard to think of it. But I think he said in terms, he was going to assist the province ^{or} ~~with~~ something ^{or}.

Mr. Shibley: ^{He was going to} assist the province?

Mr. Candy: Assist the province, I got the impression that because of his connections over there he was going to ^{assist} ~~assist~~ the province in making connections there, introducing somebody to the financial people.

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C.B.

Mr. Shibley: That's the impression you got?

Mr. Candy: This is as I recall it now. That is a long time ago. But that was the impression I got.

Mr. Shibley: What was the context in which he made this observation to you?

Mr. Candy: That's awfully hard for me to say. To me it wasn't a significant thing at the time; it was a passing thing and it was something that he mentioned in connection with his banking connections in Germany.

Mr. Shibley: Well, Mr. Candy, you make reference to the Premier of the province; surely that's a significant fact in itself.

Mr. Candy: I ~~wasn't~~ *know I did.*

Mr. Shibley: Is that right?

Mr. Candy: I realize that's significant, yes.

Mr. Shibley: He's a very significant person, is he not? And you considered it sufficiently important to incorporate ^{it} in your memorandum to Mr. Sissons, did you not?

Mr. Candy: I guess I did. I only figured ~~it~~ it was important from the fact that I thought that maybe it gave some weight to ~~the fact that~~ his connections for being able to raise funds in Germany. But, believe me, there is no political connotation in that sense.

W. Newman: Mr. Chairman, through you, would it be possible ^{in this connection that you} ~~to ask Mr. Candy the~~ ~~because of the~~ to point out the financial stability of Canada Square?

Mr. Shibley: Mr. Candy was he attempting to support the submission to you that they had ~~the~~ financial stability and financial wherewithal to do this project?

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4:10-4:15 pm

C.B.

Mr. Candy: Well, that could be. I think he was trying to back up the fact that he had facilities for borrowing money. Maybe he was bragging a little; I don't know.

Mr. Shibley: Mr. Candy, you've been in public service for many, many years.

Mr. Candy: Yes, sir.

Mr. Shibley: You heard Mr. Sissons the other day say this was not an unusual thing for people to tell people like you in the public service that they have friends in high places. Was this such an incident?

Mr. Candy: It could be. For instance, I'm not a politician.

Mr Shibley: But you are very conscious of the political ramifications of what you are doing, are you not?

Mr. Candy: Yes. For instance, when Don Smith came in to see me of Ellis- Don, he told me on two or three occasions how well he knew Mr. Robarts, and Mr. Robarts used to go up to his cottage on the weekend. It didn't mean a thing to me. I couldn't ^{have} ~~care~~ cared who went to whose cottage, ~~and~~ I'm frank about it, I'm honest about it. I just didn't. I was looking at this strictly in the context of this man's ability ^{and} ~~to and his connections...~~

H 385 to follow



June 12, 1973
4.15-4.20 p.m.
M.F.

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(Mr. Candy)

~~I was looking at the restricting the contacts of this man's~~
~~ability~~ and his connections to get money, to borrow money.

As I say, I am not a politician but -----

Mr. Bullbrook: If you keep saying that we are going to be ashamed that we are politicians.

Mr. Candy: You don't need to be ashamed. I have respect for politicians but -----

Mr. Allan: Are you bragging or is that -----

Mr. Shibley: Well, Mr. Candy, I am not sure that I got an answer to the question ^{as to} why you included this information in your memorandum to Mr. Sissons.

Mr. Candy: I think the only reason that I ~~am~~ included it in there is just to probably reinforce his ability to get the funds. It may be a name-dropping type of thing, I don't know really. I remember when this thing started and we got these memorandums -----

Mr. Shibley: You will have to speak up, Mr. Candy,
We are all having trouble hearing you.

Mr. Candy: I say I remember when this thing started and we got this memorandum and I looked at that and I couldn't imagine myself why I had sent it at that time when I first looked at it.

Mr. ~~Chairman~~ Chairman: If you were writing it again would you put it in?

Mr. Candy: But that thing has been so ^{and I thought, 'gee!'} you know, I knew the minute it came out where it would go, but the meaning of that thing has been so distorted; It was just a simple innocent statement that I made ^{which} I am sure is just to reinforce the fact that this man ^{man} you know, if he would just tell me sure he knew some banker in Germany where he could get money, what does that mean? But if he ties in the Dominion of Canada or somebody else, you know, he is doing something for

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(Mr. Candy)

them maybe that means a little more, that is about the only way I can put it, but you can rest assured there is no political connotation in that thing as far as I am concerned at all. It didn't mean a thing to me in that sense.

Mr. Shibley: Mr. Candy, while we are on the subject of political connotation, were you at any time throughout your dealings with Mr. Moog or anyone on behalf of Canada Square, influenced by what you call political connotations?

Mr. Candy: No, sir, absolutely not.

Mr. Shibley: I would think that if you were, this is the very type of entry that you would not record in a memorandum.

Mr. Candy: Sure.

Mr. Bullbrook: That would depend on the receptiveness of the memorandum. You see this memorandum, Mr. Shibley, is not a one-way street, and you haven't gone into this in your examination. You have asked for the influence on this witness of these remarks, you haven't asked this witness if he intended to influence anybody else.

Mr. Shibley: Yes, well Mr. Bullbrook, I intend to be ~~very~~ very complete. I am sorry, I didn't intend to ~~infer~~ infer any conclusions in the way I put that question, except that I think the committee are entitled to be alert to the evidenciary circumstance that when someone is entering upon a collusive arrangement -----

Mr. Bullbrook: You are quite right.

Mr. Shibley: ^{second} If it is collusive from the outset, then we don't have surfacing the type of documentary evidence that is rampant within Hydro in this particular case.

On the other hand, I don't intend to lead the committee to any conclusion as to whether or not Canada Square was being favoured.

Mr. Bullbrook: And may I say in connection with my ~~remarks~~ remarks to counsel -----

Tape H - 386 follows

June 12, 1973
4.20 - 4.25 p.m.
M.R.

(Mr. Shibley)

~~...I don't intend to lead the committee to any conclusion as to whether or not Canada Square was being favoured.~~

Mr. Bullbrook: And may I say in connection with my remarks to counsel, through you, Mr. ~~Chairman~~ ^{you} Chairman, ~~I entirely agree with~~ I entirely agree with, if this is an overt act of collusion then one wouldn't think that there would be a memorandum. If there is an atmosphere of almost an infrastructure of incestuous advantage,

Mr. Allan: There is a good sentence.

Mr. Bullbrook: ~~That~~ resulting from 30 years of power, then that is a different ball game, sir.

Mr. Shibley: I'm not going to.

Mr. Bullbrook: I know.

Mr. Shibley: I'm not going to comment on that one, Mr. Bullbrook.

Mr. Bullbrook: I know you are not going to comment on it. I'm just saying.

Mr. Shibley: Mr. Candy, you heard Mr. Brooks say that someone called him and initially he stated that he thought it was you.

Mr. Candy: Yes.

Mr. Shibley: Inquiring as to whether in fact Premier Davis and Mr. Moog were friends?

Mr. Candy: Yes, sir.

Mr. Shibley: And although it has been put on record otherwise, I want to ask you quite ~~correctly~~ ^{directly} did you at any time communicate with Mr. Brooks to ascertain whether in fact Mr. Moog was a friend of Premier Davis?

Mr. Candy: Absolutely not.

Mr. Shibley: And have you any information that any one else within Hydro made such a call?

Mr. Candy: I have no information at all on anybody making a call. I couldn't understand ~~any~~ anybody making a call like that.

June 12, 1973
4.20 - 4.25 p.m.
M.R.

Mr. Shibley: When you said in your memo that Mr. Moog seems well informed you were not relating to being well informed referable to matters of financing or generally. You were talking about—

Mr. Candy: No. I'm talking about the development business.

Mr. Shibley: All right. Now then on the page 2 of your memorandum, again you make reference to the fact that "it is a distinct possibility that we could obtain this new building without putting up any capital of our own" and you are going to submit it to your financial people for examination. Again, those comments were not made with any financial limitations on Hydro in mind. Is that correct?

Mr. Candy: No, that is correct. Yes.

Mr. Shibley: What did you intend the financial people to look at?

Mr. Candy: Well, to look into the whole process of lease-purchase.

Mr. Shibley: And did you in fact bring about such an investigation?

Mr. Candy: No, I didn't myself. AS a matter of fact, I didn't even know they were doing it.

Mr. Shibley: Well, how did that come about?

Mr. Candy: I can't tell you who initiated that.

Mr. Shibley: And yet you make mention of it in the very first memorandum of the very first communication with Mr. Moog.

Mr. Candy: Well, I figured that our financial people would have to take a look at this thing before we get into it, and I wrote this to Mr. Sissons and I assume that Mr. Sissons or somebody did something about that. I certainly didn't initiate it.

Mr. Shibley: You assume that Mr. Sissons did something about it?

June 12, 1973
4.20 - 4.25 p.m.
M.R.

Mr. Candy: Well, ~~the memo~~ the memo went to him. Now whether he initiated that or not, I don't know, but I certainly didn't initiate it. ~~and~~ As a matter of fact, until I ^{got} the stuff out for this inquiry ~~instead of~~ and started looking at the books you are referring to here I didn't even know I was going on with OISE.

Mr. Shibley: Did you have any discussion with Mr. ~~Mr.~~ ^{Mr.} ~~Sissons~~ following your meeting of June 11th?

Mr. Candy: Any discussion with him?

Mr. Shibley: Yes.

Mr. Candy: Not that I recall.

The only discussion I had with him was in respect to the drawings, ~~later on~~. Now I don't know whether I had any discussion on this; I ~~just~~ just have no recollection at all.

Mr. Shibley: Did you ever have any discussion with Mr. Sissons referable to the relationship or friendship between Mr. Moog and Premier Davis?

Mr. Candy: No, never. Never.

Mr. Shibley: Pardon?

Mr. Candy: Never.

Mr. Shibley: That was never raised as a topic between you?

Mr. Candy: Never. No, sir.

Mr. Shibley: Nor between you and any other member of the staff of Hydro?

Mr. Candy: No.

Mr. R.G. Hodgson: Mr. Chairman, would you ask the witness if he related it to the chairman? ^{You} remember ~~there was~~ the mention of a possible comment given in evidence by Mr. Gathercole.

Mr. Shibley: Yes. I'm reminded that Mr. Gathercole made reference to some comment that you may have made in that connection. Do you remember any exchange between yourself and Chairman Gathercole?

June 12, 1973
4.20 - 4.25 p.m.
M.R.

(Mr. Shibley)

As to the friendship between ^{Premier}~~James~~ Davis
and Mr. Moog?

Mr. Candy: Certainly not to my knowledge.

Mr. Shibley: You have no memory of that?

Mr. Candy: No. I have no memory of that at all.

We've never discussed this.

Mr. Shibley: You say it was not discussed
between you?

Mr. Candy: No. I would say - you mean between
me and Mr. Gathercole?

Mr. Shibley: Yes.

Mr. Candy: No.

H-387 to follow

June 12, 1973

4.25-4.30p.m.

B.A.

H-387-1

~~Mr. Shibley:~~

~~You say it was not discussed between you and him.~~

Mr. Candy: ~~That is correct.~~ Do you mean between me and Mr. Gathercole?

Mr. Shibley: Yes.

Mr. Candy: No, definitely. It has never been a topic of ~~discussion~~ discussion as far as I ~~have been~~ ^{was} concerned.

Mr. Shibley: Now, then, Mr. Candy, you will remember that on July 14 you had discussion with Mr. Stewart of Ellis-Don respecting this project?

Mr. Candy: Yes.

Mr. Shibley: What was discussed between you and ~~he~~ ^{him} at that time.

Mr. Candy: Well, I don't really know but I think, ~~what~~ ^{well} I am assuming ~~that~~ what happened there, and I think, in my context here, that what I have said is what I am assuming. I think what he came in to see me about was, whether I would talk to Ellis-Don about this project, and that is all I can assume from that. I think that is what he did. ~~He was the,~~ ^{As I recall,} he was the Toronto manager for Ellis-Don, he was in Toronto and Don Smith was in London.

Mr. Shibley: He came in to promote a meeting between you and Mr. Smith, did he not?

Mr. Candy: I think so.

~~Mr. Shibley~~ : And such a meeting was, in fact, held on July 20, 1971. Is that correct?

Mr. Candy: That is correct.

Mr. Shibley: What was discussed between you and Mr. Smith on that occasion?

Mr. Candy: Well, you know, I don't really know because I actually have no recollection. I had the model of the ~~mx~~ building there ~~and~~ ^{and} that is all I had, ~~and I am~~ ^{and I am} just assuming that we did talk about the building. Now, whether we did or not is purely conjecture on my part.

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Mr. Shibley: Did you discuss a lease-purchase arrangement whereby he would build ~~a~~ the building planned by Adamson, for \$30 ~~per~~ per square foot?

Mr. Candy: I don't think so.

Mr. Shibley: You don't remember that?

Mr. Candy: I honestly don't know what I talked to him about. I don't know what we discussed.

Mr. Shibley: Did you discuss with him selling the old building?

Mr. Candy: No. Well, I say no, I don't know -- ~~that~~
~~meeting~~ I know I had a meeting; it is in my diary and I had a meeting with him ~~and~~ it must have been about that because he ^{had} built two buildings for us ~~before~~ before, ~~one~~ one in 1964 and one he finished in 1970, ~~and~~ I have a lot of respect for Don Smith. I think he is a heck of a good contractor, but I don't know what I ~~was~~

Mr. Shibley: Did you tell him that you were thinking of a new design?

Mr. Candy: I really don't know, Mr. Shibley, what I talked to him about at that time. I am just assuming that at that time we ~~we~~ talked about the building in some shape or form. I really don't know.

Mr. Shibley: Did you make any reference to Mr. Smith, that it was not politically timely to pursue the construction of your new building, on the occasion of your visit with him on July 20?

Mr. Candy: If I answer that I should be guessing, really. I have no idea.

Mr. Shibley: I would ask you to search your memory, Mr. Candy. Do you remember making a comment to Mr. Smith that it was not opportune politically to do anything at that time respecting the new building?

Mr. Candy: I don't really know.

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B.A.

Mr. Shibley: You don't know?

Mr. Candy: No.

Mr. Shibley: Might you have said so?

Mr. Candy: ~~Well~~ ^{When} I don't know, if I ~~say~~ ^{say} I might have said so, ^{where does that get you?}

Mr. Shibley: Well, I am interested because you said earlier you weren't ~~politically~~ ^{politically} oriented. I am paraphrasing.

Mr. Candy: That's right.

Mr. Shibley: I put it to you that you had political considerations in mind during the summer of 1971.

Mr. Candy: That I had political considerations in mind?

Mr. Shibley: Yes.

Mr. Candy: If I might ask, what do you base that on?

Mr. Shibley: Well, I asked you about a conversation you had with Mr. Smith on July 20, 1971.

Mr. Candy: Yes.

Mr. Shibley: Did you tell Mr. Smith on that occasion that it was not politically opportune to proceed with this building at that time?

Mr. Candy: I really don't know, ^{Honestly}, I don't know what....

Mr. Shibley: You are not in a position to ~~contradict~~ ^{contradict} Mr. Smith if he says so?

Mr. Candy: No, I wouldn't be in a position to contradict because I don't really know.

Mr. Shibley: Then, ^{Candy} ~~Mr. Candy~~, on August 6, 1971, according to the notes I have, you requisitioned the drawings for the original building out of your record storage, did you not?

Mr. Candy: That is correct.

Mr. Shibley: Why did you do that?

Mr. Candy: ~~Why did I do it? I got....~~

(Tape H-388 follows)

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4.30-4.35 p.m.
E.M.

H-388-1

(Mr. Shibley)

~~did you not?~~

~~Mr. Candy: That is correct.~~

~~Mr. Shibley: Why did you do that?~~

Mr. Candy: Why did I do it?

Mr. Shibley: Yes.

Mr. Candy: I got them to send them to Canada Square, and in that requisition I asked them ~~to have them~~ ready on the ~~10th~~ 10th of August.

Mr. Shibley: You say you received a request? I am sorry, I missed your answer.

Mr. Candy: No, ~~the~~ the requisition you have is dated the 6th and on the requisition I asked ^{for} them to be ready by the 10th, ~~August 10~~ August 10 was the day that I wrote that memorandum to Canada Square together with the drawings, and they were picked up on the 11th by Mr. Johnston of Canada Square.

Mr. Shibley: How were those arrangements made for you to turn over the plans to Canada Square?

Mr. Candy: With Hydro or with Canada Square?

Mr. Shibley: Well, let us deal with them one at a time. First, who ~~within~~ Hydro instructed you to do that?

Mr. Candy: I talked to Mr. Sissons about it and he agreed that we should let them see them.

Mr. Shibley: Had he received a request ~~start~~ for them?

Mr. Candy: Only through me. The way I got the request was that Mr. Moog and his architect dropped into my office to have a look at the model early in August sometime,

Mr. Shibley: Yes.

Mr. Candy: ~~And~~ and he asked me if we would ~~send~~ send him

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(Mr. Candy)

the drawings of the building so he could take a look at it.

Mr. Shibley: And did you discuss that with Mr. Sissons?

Mr. Candy: Yes, ~~was~~ sir.

Mr. Shibley: And he approved of it?

Mr. Candy: *That's right.*

Mr. Shibley: So then you requisitioned them and sent them on, and you make reference to your memorandum of

August ~~the~~ 10~~th~~.

Mr. Candy: May I have a copy of that memorandum? *Mr. Shibley:* It is not yet exhibited, I don't believe. This is a letter dated August 10, 1971, from Mr. Candy to Mr. Moog, ~~in~~ which I ~~asked~~ ask be made the next exhibit.

Mr. Chairman: Exhibit No. 147.

Mr. Shibley: Mr. Candy, I first refer you to the fact that you are sending to Mr. ~~Moog~~ ^{Moog} what appear to be the whole of the ~~the~~ drawings, architectural, electrical, mechanical, structural and plumbing for the first design building. Is that right?

Mr. Candy: That is right.

Mr. Shibley: You didn't leave anything out?

Mr. Candy: No, I think this is significant.

Mr. Shibley: And you mention ~~in~~ in your first paragraph, "which we are loaning to you on a temporary basis, in order that you may examine the type of building ~~which~~ we have designed in order to prepare a submission on a lease-back situation".

Now, do I take it that as early as August 10, 1971, you were intending to equip Mr. Moog with the data to permit him to make a submission to Hydro on a lease-back proposal?

Mr. Candy: No, what I asked him to do was to make a submission ^{on} ~~in~~ a lease-back situation for that building. I

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H-388-3

(Mr. Candy_)

wanted to find out what the economics of that were,

Mr. Shibley: I understand.

Mr. Candy: ~~and~~ I think it is interesting to note that I sent him all these drawings. Now, in sending him all these drawings ~~to him~~, you know, the architectural drawings were not enough, ^{had to} I send him the whole works in order to do that. ~~And I remember him~~ We had heard about the OISE building and the ~~cost~~ of the OISE building. I wanted to find out whether it was possible to get a lease-back on a building that we had designed, and that is really what I am saying there, submission "to prepare a ~~submission~~ on a lease-back situation." This ~~was~~ in no way means that if he sent it in and gave me a lease-back that we were going to give him the job. This would be something that would be information for us.

Shibley:

Mr. Candy: For the moment, Mr. Candy, I take it that you were intending to provide him with these plans in order for him to come up with a proposal?

Mr. Candy: That is correct.

Mr. Shibley: Be it a proposal on the originally planned building?

Mr. Candy: That is correct.

~~Mr. Shibley: Yes. Whether you accepted the proposal or acted on it was another matter, but at the moment that was your purpose in submitting this data to~~

(Tape H-390 follows)

June 12, 1973
4.35 to 4.40
M.T.

H-389-1

Mr. Shibley: Yes,

whether you accepted the proposal or acted on it was another matter.

Mr. Candy: Yes.

Mr. Shibley: But at the moment that was your purpose in submitting this data to him, is that correct?

Mr. Candy: That is correct.

Mr. Shibley: Now then, you say on the next page, "Please treat these drawings as confidential and return them to this office at your earliest convenience." Do you note that?

Mr. Candy: Yes.

Mr. Shibley: You weren't handing these plans out to anyone who asked for them?

Mr. Candy: That's right.

Mr. Shibley: And in fact you only intended a loan of these documents to Mr. Moog; you didn't intend him to retain them.

Mr. Candy: That's right.

Mr. Shibley: Or even a copy of them. Is that correct?

Mr. Candy: That's correct.

Mr. Shibley: So that to the extent that you were delivering up these plans to anyone, this treatment at this point of time was unique ~~on~~ to Mr. Moog?

Mr. Candy: That is ~~unique~~ so; that is correct.

Mr. H. Newman: Mr. Chairman, on this memo.

Mr. Chairman: Mr. Newman.

Mr. H. Newman: Maybe Mr. Shibley would ~~ask the witness~~ ~~if there was the reason~~ ask Mr. Candy if the reason for doing this was to see if there was any salvage in the old plan. Was that part of the purpose of doing this?

Mr. Shibley: You'll ~~not~~ have to answer yes or no, A shake of the head doesn't get recorded.

Mr. Candy: No, ~~no, it was not a part of~~

Mr. Shibley: It was not a part?

Mr. Candy: No.

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M.T.

H-389-2

Mr. Chairman: And if you will speak louder as we go along too, because I'm afraid that some of your answers are not being recorded because you are not speaking sufficiently loudly.

Mr. Candy: Sorry.

Mr. Gaunt: Mr. Chairman, as a matter of clarification, I notice that the first paragraph says "lease-back" rather ~~than~~ than "lease-purchase." Is that a typographical error or is it ~~it~~ intended that it be "lease-back?"

Mr. Candy: No, it's just an error on my part, ^{As} I say, ^{had} I never even heard of lease-purchase before and it's just an error really. That's all.

Mr. Gaunt: So you really ~~meant~~ meant -

Mr. Candy: I really meant "lease-purchase."

Mr. Shibley: Mr. Candy, this document is dated August 10.

Mr. Candy: Yes, sir.

Mr. Shibley: Were the documents delivered by hand on that day?

Mr. Candy: No, ~~they~~ they ~~were~~ were picked up on August 11 by Mr. Johnston.

Mr. Shibley: I see, because I note that you did have a meeting with Mr. Johnston.

Mr. Candy: Yes, well he just came down to pick them up.

Mr. Shibley: Who is Mr. Johnston?

Mr. Candy: He is the estimator for Canada Square.

Mr. Shibley: So he would be knowledgeable as to taking off costing, etcetera, from drawings such as this?

Mr. Candy: That's right.

Mr. Shibley: Did you take time to review the drawings with Mr. Johnston?

Mr. Candy: I don't know whether I ~~did~~ did or not. That's very hard to say, I really don't know, I don't know whether I did or not, or whether I just gave them to him.

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4.35 to 4.40
M.T.

H-389-3

Mr. Shibley: Did you on any occasion discuss with Mr. Johnston or Mr. Cooper — Mr. Cooper is the architect with —

Mr. Candy: Yes.

Mr. Shibley: — or he acts for Canada Square, right?

Mr. Candy: Yes.

Mr. Shibley: Did you ever go over these plans with either one of them?

Mr. Candy: No.

Mr. Shibley: Did you ever go over them with anyone on behalf of Canada Square?

Mr. Candy: No.

Mr. Shibley: Now, Mr. Candy, —

Mr. Bullbrook: Mr. Shibley, I am thoroughly confused on something here and perhaps you would prefer that we wait; ~~because I don't know what you~~ are you continuing on with this lease-back business?

Mr. Shibley: I am going to be on it for quite a while.

Mr. Bullbrook: All right.

Mr. Shibley: Mr. Candy, as at August 11, 1971, Canada Square then were in possession of the plans for your building, is that correct?

Mr. Candy: That is correct.

Mr. Shibley: And of course, as the lessor, they were also in possession of the specifications and the lease-purchase agreements, the documentation, referable to the OISE building, is that correct?

Mr. Candy: Specifications and the documentation of the OISE building?

Mr. Shibley: Yes.

Mr. Candy: Well, I assume they had that, yes.

Mr. Shibley: Yes, they were the lessor under that plan.

Mr. Candy: Yes.

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M.T.

H-389-4

Mr. Shibley: And they also knew that you were treating the OISE transaction as a model. Is that correct?

Mr. Candy: Well, they knew that we had been to the OISE building and that we were interested in the type of agreement, type of arrangement, that was carried out in the OISE building.

Mr. Shibley: Mr. Candy, you heard the evidence earlier, repeatedly given by Mr. Gathercole, ~~that the~~ ...

Tape H-390 follows

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4.40 to 4.45 pm
DT

(Mr. ~~Eana~~ Candy)

~~agreement, the type of arrangement that was carried out years ago.~~

~~Mr. Shibley: Mr. Candy, you had the evidence~~
early, repeatedly given by Mr. Gathercole, that the OISE
building and the documentation for it, were being treated as
a model. Is that not so?

Mr. Candy: Yes, I heard that expression used, but —

...

Mr. Shibley: Was Mr. Moog aware of the fact that
the documentation for the OISE building was being used as a
precedent so to speak?

Mr. Candy: No.

Mr. Shibley: — to give some direction to the type of
transaction that Hydro.

Mr. Candy: Well, I think that ^{regarding} the principle of the
OISE arrangement, he was aware that we were aware of that and this
was the kind of thing we were talking to him about.

Mr. Shibley: So that Canada Square then, as of
August 10, were in possession of not only the plans but of the
model of the type of transaction that you intended for your new
Head Office building if you did a lease-purchase transaction?

Mr. Candy: Well, if we did a lease-purchase on
that.

Mr. Shibley: You agree with that?

Mr. Candy: Yes, obviously they had all the documents
on the OISE building and....

Mr. Shibley: Well, then they knew you were following
them as a precedent?

Mr. Candy: That is correct, yes.

Mr. Chairman: We will recess for 10 minutes.

H - 391 - 1

Mr. Chairman: I call the meeting back to order, and Mr. Shibley, if you will proceed?

Mr. Shibley: Yes. Mr. ^{Candy} ~~Shibley~~ I had asked you earlier about the use of the ~~specifications~~ OISE specifications as basic data which ~~were~~ being employed by you. I refer you to exhibit 134, dated July 2nd, 1971, and you will note at the last line, this was Mr. Sissons' letter to Mr. Brooks thanking him for the specifications :

"We appreciate your thoughtfulness ^(N) supplying us with so much of this basic data which may well be most helpful in resolving our own situation".

So I take it that this was fundamentally the type of transaction that you intended if you went on a lease-purchase arrangement?

Mr. Candy: This information, Mr. Shibley, I wasn't even aware I had in my files.

Mr. Shibley: I realize that, Mr. Candy. I want to know what was in Mr. Moug's file, what was within his knowledge as of August 10th. He now has your drawings and he has the self-same data which Mr. Sissons is describing on July 2nd, 1971, as basic data which may be helpful in resolving Hydro's situation.

Mr. Candy: Well, this is a ^{letter} ~~letter~~ from Mr. Sissons to Mr. Brooks thanking him for sending these to Hydro.

Mr. Shibley: The point I am making, Mr. Candy, is would you agree with me that at this point in time Canada Square now had your plans and the specifications for a lease-purchase transaction that you were employing as a model?

Mr. Candy: I would agree, yes. They ^{had} ~~were~~ our plans and they naturally had the specs because they had written them and they belonged to them. These were never shown to me, I never saw them from anybody at Canada Square.

H - 392 - 1

~~(Mr. Shibley)~~

~~Now, first~~

~~Mr. Candy: These were never shown to me. I have never~~
~~seen them from anybody at Canada Square.~~

Mr. Shibley: Now, Mr. Candy, in dealing with the drawings you supplied they would indicate the type of facility you intended to be incorporated in your building?

Mr. Candy: These were the drawings of the building that had been designed; they were the actual working drawings of that building right there.

Mr. Shibley: But in terms of what they would disclose to someone such as Canada Square, they disclosed the facilities you required within a building, did they not?

Mr. Candy: Yes.

Mr. Shibley: And they would disclose the purpose of various areas of the building?

Mr. Candy: Yes.

Mr. Shibley: They would disclose the type of structure you had in mind?

Mr. Candy: Yes.

Mr. Shibley: They would be revealing in very large measure as to what was required in terms of a head office building for Ontario Hydro?

Mr. Candy: That is correct, yes.

Mr. Shibley: And ~~these~~ very much of the concepts for getting the structural changes that you have outlined in detail, the concepts that were to be incorporated in the new building, the one presently under construction would similarly be revealed by those plans?

Mr. Candy: Very, very vaguely, Mr. Shibley. There is very little relationship between that building and that building when you look at the plans of those buildings.

June 12, 1973
5.00-5.05 p.m.
M.F.

H - 392 - 2

Mr. Shibley: Well, what I am thinking about is this: You would need areas for draftsmen. Is that correct?

Mr. Candy: Yes, but they wouldn't know that from those plans. These were open-floor areas, they don't know what they are going to put in; we didn't know ourselves who was going to be on what floor.

Mr. Shibley: But would they not indicate that in order to accommodate a certain type of personnel, ^a certain type building was being constructed?

Mr. Candy: Let me just point out the kind of things that anybody could get, aside from the fact that those were accurate working drawings of that building. As a result of other people seeing these drawings, which they did later on, the things that they could get— if I can just refer to my notes for a minute, I made a note of some of these things— there were things peculiar to our requirements. One thing was the tunnel to the engineering building, there was a subway entrance, there is the vault and the security arrangement that we had in our building; the site size, the auditorium, the parking facilities, and then they would give them a fair idea of the sort of general quality of the building.

Now, other than that, it is an open building, it ~~is~~ showed the executive offices on the 15th floor, ^{and} ~~it~~ aside from that it showed the plumbing and the washrooms and so on, but as to ^{who} ~~it~~ went on what floor, how people were going to be located, there were no partitions included in the contract, so there are no partitions on that thing except fixed partitions around washrooms. But it was a set of drawings that somebody could take and build that building from.

Mr. Shibley: All right. Now they obviously became intent on working up a proposal at this point in time. Is that correct?

June 12, 1973
5.00-5.05 p.m.
M.F.

H - 392 - 3

Mr. Candy: That was the intent ^{and} ~~which~~ which I asked them to do when I gave them the drawings.

Mr. Shibley: And in fact to inform them further ~~and~~ and I am not suggesting this information is in any sense unique on August 31, 1971, you provided them with your 1970 annual report which was just off the press?

Mr. Candy: That is correct.

Mr. Shibley: Under cover of a letter dated August 31, which I ask be made an exhibit, Mr. Chairman.

Mr. Chairman: Exhibit 148.

Mr. Candy: I might say here the ^{reason} ~~was~~ he asked for that ^{was} ~~we~~ we had found out about Canada Square ^{and} ~~he~~ he wanted to find out something about Hydro.

Mr. Shibley: He wanted to find out whether you were financially sound. Is that correct?

Mr. Chairman: What conclusion did he come to?

Mr. Candy: I am not sure.

Mr. Shibley: This was then submitted to him at his request, ~~he~~ being Mr. Moog?

Mr. Candy: That is right.

Mr. Shibley: Did he make any other request for information of you?

Mr. Candy: For information?

Mr. Shibley: Yes.

Mr. Candy: Not that I recall. Later on ~~he asked me~~ he was going to make a submission, I have forgotten the date but it was later on beyond this, he was going to try and make some kind of a submission to Hydro to indicate the fact that, ~~now know~~ this job if it went ahead would ~~-----~~

Tape H - 393 follows

H - 392 - 2

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June 12, 1973
5.00-5.05 p.m.
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H - 392 - 3

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H - 392 - 2

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H - 392 - 3

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Mr. Shibley: Under cover of a letter dated August 31, which I ask be made an exhibit, Mr. Chairman.

Mr. Chairman: Exhibit 148.

Mr. Candy: I might say here the ^{reason} ~~was~~ he asked for that ^{was} we had found out about Canada Square ^{and} he wanted to find out something about Hydro.

Mr. Shibley: He wanted to find out whether you were financially sound. Is that correct?

Mr. Chairman: What conclusion did he come to?

Mr. Candy: I am not sure.

Mr. Shibley: This was then submitted to him at his request, ^{he} being Mr. Moog?

Mr. Candy: That is right.

Mr. Shibley: Did he make any other request for information of you?

Mr. Candy: For information?

Mr. Shibley: Yes.

Mr. Candy: Not that I recall. Later on ~~he asked me~~ he was going to make a submission. I have forgotten the date but it was later on beyond this, he was going to try and make some kind of a submission to Hydro to indicate the fact that, ~~this job~~ this job if it went ahead would ~~-----~~

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(Mr. Candy)

~~... and beyond this he was going to try and make some kind~~
~~of submission to Hydro to indicate the fact that this job, if~~
~~went ahead, would create employment, and he asked me for the~~
numbers of people. I thought that this job would employ.

Mr. Shibley: I'm producing to you ~~some~~
~~some~~ a letter dated November 9, 1971, from yourself to Mr.
Moog.

Mr. Candy: Yes.

Mr. Shibley: Is that the letter in response to that
inquiry?

Mr. Candy: Yes, that's right. That's the one.

Mr. Shibley: I ask that that be made the next exhibit.

Mr. Chairman: Exhibit number 149.

Mr. Shibley: Now, I want to review this document with
you, Mr. Candy. I notice it starts: "In reply to your request",
that you say he made:

"with regard to the number of jobs the construction of the above
building would create over a two-year period, I am enclosing ~~herewith~~ a
tabulation of our estimates, dated November 8, based on a cost
of ~~\$40,000~~ \$40 million, of which we have assumed ~~65~~ 65 per cent
~~fixed~~ to be materials and equipment and 35 per cent field labour."

Now, where did the figure of \$40 million originate from?

Mr. Candy: Forty million dollars? Well, this, if I
remember, ~~in~~ ^{was} on November 9. I can only assume it's a cost that
we were considering at that time when we got to that date, that
he was considering for the new building.

Mr. Shibley: You say you were considering and he was
considering but I haven't seen any material that works up that
figure. Is there some calculation that was made sometime by
some persons and, if so, what is it?

Mr. Candy: Not by me. This calculation, I think, came
from Mr. Moog.

Mr. Shibley: From Mr. Moog? And then it was, in turn,
provided to your people to work up the tabulations that are a

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part of this exhibit?

Mr. Candy: Yes, he asked me, based on that, as to what we would ~~give~~ do.

Mr. Shibley: I see. So his thinking, at this juncture, had projected forward to a point where he was thinking that the building would cost, in gross, \$40 million?

Mr. Candy: I would say so, yes.

Mr. Shibley: And that figure was provided to your staff to work up the tabulations which are part of that exhibit?

Mr. Candy: Yes.

Mr. Shibley: Then it goes ~~on~~ on and it breaks out certain data and it says: "This indicates a total of approximately 2000 jobs over a two-year period; but is ~~an estimate~~ ~~and~~ and before any figures are mentioned, it should be confirmed by your own estimates, based on the experience of similar jobs."

Now, mentioned to whom?

Mr. Candy: To Hydro. He was going to make a submission to Hydro to try and promote this thing, and that was his idea at that time.

Mr. Shibley: So, you were cautioning him that before he made representations to Hydro he should double-check the figures that Hydro was providing to him?

Mr. Candy: That's correct.

Mr. Shibley: Is that correct?

Mr. Candy: That's correct.

Mr. Shibley: I note also, on this ~~exhibit~~ exhibit, that a copy went to Mr. Gathercole.

Mr. Candy: Yes.

Mr. Shibley: ~~Did Mr. Gathercole~~ Was Mr. Gathercole aware, as at November 9, 1971, as to the state of your dealings with Mr. Moog?

Mr. Candy: That's pretty hard to say. ~~I don't~~ ^{On} November 9, he knew that I had been dealing with Mr. Moog. Whether he ~~knew~~ knew the actual status of where I was in dealing with Mr.

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(Mr. Candy)

Moog, I'm not sure. I can't answer that.

Mr. Shibley: Did he know that you had provided Mr. Moog with the plans and the drawings?

Mr. Candy: ★ Yes, as far as I know, unless ~~↳~~

Mr. Shibley: Yes.

Mr. Candy: Now, I'm not sure of that because I don't know whether Mr. Sissons told him. I didn't tell ~~me~~ him.

~~Mr. Shibley: But your information, or belief, is that
Mr. Gathercole did know of your dealings with Mr. Moog up....~~

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(Mr. Candy)

~~Mr. Candy: I didn't call him.~~
Mr. Shibley: But your information, or belief, is that Mr. Gathercole did know of your dealings with Mr. Moog up to November 9, 1971?

Mr. Candy: He knew that I was dealing with him, yes.

Mr. Shibley: Did you have any conversations with Mr. Gathercole in that connection, prior to November 9?

Mr. Candy: Not that I can recall.

Mr. Deans: Are you going to ask why a copy was sent to Mr. Gathercole?

Mr. Shibley: Why was a copy sent to Mr. Gathercole?

Mr. Candy: I think just to keep him informed of what I was doing.

Mr. Shibley: Mr. Candy, isn't it a fact that you met with Mr. Gathercole on November 11, 1971?

Mr. Candy: On November 11?

Mr. Shibley: Yes.

Mr. Candy: I'm not sure. Have I got a meeting there on November 11?

Mr. Shibley: Yes, your diary has an entry, "Mr. Gathercole re HO administration building."

Mr. Candy: Yes.

Mr. Shibley: Did you meet with Mr. Gathercole on November 11?

Mr. Candy: If it says so there, I met with him.

Mr. Shibley: And what did you discuss with him at that time?

Mr. Candy: I'm sorry, I just don't have any idea what I talked to him about.

Mr. Shibley: Mr. Candy, up to that point of time you had only been dealing with Canada Square, with respect to the

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(Mr. Shibley)

new administration building, had you not?

Mr. Candy: That's right.

Mr. Shibley: So ~~that~~ can I take it that on your meeting of November 11 you were discussing with Mr. Gathercole the circumstances of your dealings with Canada Square?

Mr. Candy: That's quite possible. I can't be sure of that, but it's quite possible. ~~That's not~~ I don't have any recollection of the meeting, but I assume if I met with him about the head office building, I probably did talk about that.

Mr. Shibley: In fairness to you, on the same date your diary does contain an entry for a 2:30 appointment. The meeting with Gathercole was at 10 o'clock in the morning. At 2:30 Henry Sissons' office re Eaton development, it looks like. Did your discussion with Mr. Gathercole have anything to do with that meeting of that afternoon?

Mr. Candy: I really don't know, Mr. Shibley. I can't tell you.

Mr. Shibley: In any event, can we take it that by reason of sending him copies of your memoranda and by reason of your meeting with him on November 11, that the chairman was aware of the status of your dealings with Canada Square at that time?

Mr. Candy: He was certainly aware I was dealing with Canada Square. Whether he was aware of the status or not, that's something that I can't really answer.

Mr. Shibley: Well, you're not invited into the chairman's office for idle chit-chat, are you?

Mr. Candy: No, sir.

Mr. Shibley: If you're there, you're there for a reason. Is that correct?

Mr. Candy: That's right.

Mr. Shibley: And your prime function at this time

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(Mr. Shibley)

was directed towards the new administration building. Is that correct? And, in fact, that's the topic that's noted ~~in the diary~~

Mr. Candy: Well, that's not my prime function. I have a lot of other jobs going on.

Mr. Shibley: Yes, but the topic for your meeting as noted in your diary is re administration building."

Mr. Candy: Yes, that's correct. That's correct. And, no doubt, that's what we talked about.

Mr. Shibley: And the most prominent factor confronting you at that time was your dealings with Canada Square?

Mr. Candy: Well, we were starting to get into the area of the other developers. ~~Mr. Moog came~~ -- for instance, on November 22 was the day that I brought ~~the~~ Mr. Moog down to meet the chairman. Was it November 22 or November 20 or one of those days?

Mr. Shibley: That was going to be the next thing I asked you about.

Mr. Candy: Yes, that's fine. And so, I don't know, there's no sense in me guessing at that meeting, because I really don't know what we talked about.

Mr. Shibley: But you mentioned you brought Mr. Moog down to meet Mr. Gathercole on November 22. Is that correct?

Mr. Candy: That's correct.

Mr. Shibley: That was the same day on which you attended ^{a meeting} of the General managers, about which we have had a minute exhibited?

Mr. Candy: Yes, that's right.

Mr. Shibley: What was discussed at the time of the meeting between yourself, Mr. Moog and Mr. Gathercole on November 22?

~~Mr. Candy: Well, the chairman asked me to bring~~

~~Mr. Moog~~

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(Mr. Shibley)

~~between yourself, Mr. Moog, and Mr. Gathercole on November 22.~~

Mr. Candy: Well, the Chairman asked me to bring Mr. Moog in; he wanted to meet him. I brought him in; there was Mr. Moog, the Chairman and myself at the meeting, and nobody else. The meeting lasted, I guess, about ten minutes. Mr. Moog talked about Canada Square, the Chairman indicated that we were considering building an office building, and I remember after the meeting, as a matter of fact, after the meeting I was a little bit embarrassed because I thought the Chairman was very non-committal as to whether we were going to do anything. All he wanted to do was meet him and talk to him and see what kind of a person he was and that was about it.

Mr. Shibley: Mr. Candy, was the Chairman not alert as at November 22 to the fact that the thinking of the general managers and yourself had reached the point where you were singling out Canada Square as the developer to do this building provided they could salvage some of your plans?

Mr. Candy: No, no I really don't think so, I really don't think so.

Mr. Shibley: You don't think he was aware of that?

Mr. Candy: No, I really don't think so, I really don't think that was in his mind.

Mr. Shibley: Mr. Candy, I am sorry, members of the committee, I don't have here in this room the copies of this next document, I want you to produce a memorandum of Mr. Witbeck to yourself dated November 24, 1971, titled "New Building Design." ~~That~~ It's the one with the hand-written notation on the top of it. Yes, we have one copy.

Mr. Candy: How many pages are there?

Mr. Shibley: This is a document with an addendum of two additional pages. I asked that the three pages ~~may~~ ^{made} be the next exhibit.

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Mr. Chairman: That will be Exhibit 150.

Mr. Shibley: For the benefit of the members, I will read it in full.

Mr. McCallum: Before you start, Mr. Shibley, I wonder if we can just be sure we are looking at the right document. Is this a memorandum from Witbeck to Candy that has some writing across the top?

Mr. Shibley: Yes.

Mr. McCallum: Is that it?

Mr. Shibley: Yes, that's the one.

Mr. McCallum: Is there anything else attached to yours, other than that?

Mr. Shibley: Yes, yes there is, the tentative requirements for the building and ~~the~~ office ^{facilities} ~~goes through~~, these are part of the exhibit.

Mr. McCallum: And there is nothing else attached to it other than that?

Mr. Shibley: No, just two pages. Now Mr. Candy, looking at this exhibit, it states:

"In our very early thinking concerning ~~the~~ ^a new Head Office building, we in B.O.F. have identified some ~~fewer~~ features which we feel a new building should have. A list of those is attached for your consideration. I would like to emphasize, however, that this is a hastily prepared list, and should not be taken as either complete in number or definite in detail. As plans progress, we will want to talk with you on these things, and others that surely will arise, but we will leave it to ~~you~~ you to raise these subjects at the proper times. We recognize that some of our suggestions may be contradictory or unreasonably expensive."

And it is signed by Mr. Witbeck. And the notation at the top:

"Mr. Gordon, Mr. Gathercole"—It is directed to them.

"There is a good working relationship between Witbeck and Ken Candy"

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(Mr. Shibley)

and of course it is Witbeck's role to specify operating characteristics of the building, though Ken shows much initiative in this area and pulls it all together in admirable fashion".

I gather that's Sissons' initial? Is that correct?

s

Mr. Candy: It looks like it. Yes.

~~Mr. Shibley: And then..~~

Tape H-396 follows

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C.B.

~~Mr. Shibley:~~

~~initial, is that correct?~~

~~Mr. Candy: Yes.~~

Mr. Shibley: And then ^{there is} reference in the addendum is to requirements for parking executive cars, etc. Do I take it that a copy of this exhibit with the addendum went to the chairman, Mr. Gathercole?

Mr. Candy: ~~Is that handwritten~~ stuff on the original memorandum, Mr. Shibley, or not?

Mr. Shibley: ~~This~~ ^{is} is what I'm working to,
Mr. Candy.

Mr. McCallum: Mr. Candy's problem, as you can appreciate, Mr. Shibley, is that he doesn't know whether ~~the~~ what Mr. Witbeck sent to him, had got written on by Mr. Sissons and ~~it's~~ ^{it on} it's possible that Mr. Sissons' handwriting, then directed ^{it on} to Mr. Gathercole.

Mr. Shibley: Yes, that's clear. Because a copy went to Mr. Sissons, as indicated by the typed name on the left top of the page, and I would speculate that Mr. Sissons endorsed it with the notation that we had read, and sent it on to both Mr. Gordon and Mr. Gathercole. Is that correct?

Mr. McCallum: I'll find out about that, sir, but that seems perfectly reasonable that ^{that} would happen.

Mr. Shibley: Mr. Candy, all I'm directing this to you for is to find out that the chairman as at November 24, the date of this document, I'm sorry, November 23, was being given ~~some~~ quite some detail as to what was to be

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(Mr. Shibley)

in this building. Is that right?

Mr. Candy: That is correct.

Mr. Shibley: He was being kept very much abreast of it. Is that right?

Mr. Candy: I would say so.

Mr. Shibley: And in fact there is another ~~document~~ document from yourself to Mr. Witbeck dated November 24, 1971. I'm sorry, members of the committee, I intended these to go in through Mr. Witbeck. But I want to establish through this witness the extent of Mr. Gathercole's awareness of the status of the planning as of this time. Do you recognize that document?

Mr. ~~Candy~~ Candy: This one, yes.

Mr. Shibley: I ask it be made the next exhibit.

Mr. Chairman: Exhibit number 151.

Mr. Shibley: You will not that on the third paragraph, ^{as} "As you are probably aware" this is Candy to Witbeck, November 24. "As you are probably aware, at the present time the chairman is asking that an area in the parking garage be closed in to house executive cars, rather than leaving them in the open, and I therefore feel that he will not be prepared to settle for any alternative to parking ^{the} ~~them~~ within the new structure where they are readily available for use and facilities can be provided for ~~a~~ chauffeurs in the adjacent areas." ~~et al.~~

Now, Mr. Candy, we are down to the nitty gritty of where we are going to house the executive cars, being a matter of information on the part of the chairman at this time. Isn't that so?

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C.B.

Mr. Candy: Yes, I think ~~that~~ in this memorandum to Mr. Witbeck ~~or to me~~, ^{where} a copy went to the chairman. I think this was an item in there that the chairman picked up, and I know MR. Witbeck thought ~~that~~ that we shouldn't be housing executive cars in there and the chairman thought that we should.

Now the space for the number of cars was not ~~NECESSARILY~~ ~~necessary~~ where we were going to have 12 commission cars, but he thought there should be an area in that building to park cars. Yes, what you say I agree with. He was aware that we were doing something and we were now into the area where we had pretty well decided to go ahead and do something.

Mr. Shibley: So that as at ^{the} ~~that~~ time of the notes on logistics of November 25, can we take it that the chairman was relatively well briefed as to the state of the discussions with Mr. Moog, and as to the state of the planning?

~~Mr. Candy: Well Mr. Shibley these tentative requirements of Mr. Witbeck's are certainly.....~~

H 397 to follow

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M.R.

~~(Mr. Shibley)~~
~~Shibley:~~
Mr. Candy: Mr. Shibley, these tentative requirements of Mr. Witbeck's are certainly not well briefed on the state of the planning. These are only some very minor items that he has brought up.

And the only thing I think the Chairman has picked out of that is just that executive car parking. I wouldn't say that the chairman at that point was well briefed at all on what our requirements were.

~~Mr. Shibley:~~
Shibley: Well, the significance of this area of information to this committee, Mr. Candy, is that the notes on logistics, according to Mr. Sissons, were ~~was~~ intended to recommend that Canada Square be selected to develop this building provided they could salvage some of the original plans. You heard him say that?

Mr. Candy: Yes, sir.

Mr. Shibley: Is that right? And then he went on to say that when it reached the level of the chairman that at that point of time that direction was reversed. Do you remember that? And a decision taken to seek out competitive proposals. You heard him say that?

Mr. Candy: Yes.

Mr. Shibley: All this as though what was happening as of the notes on logistics of November 25th were something which were just then first presented to the chairman, as the expressed intention of the general managers.

Do you understand what I'm asking you?

Mr. Candy: Would you mind just repeating that last sentence you said?

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Mr. Shibley: I'm interested, as I'm sure the committee is, in knowing the extent to which Mr. Gathercole was informed prior to November 25th, or as at that date, in order to assess why there was a solicitation of competing proposals during the months of December and January?

Mr. Candy: Well, I think myself that during that period in the latter part of November that the chairman was quite interested in competing proposals. I can remember distinctly the chairman saying at one point in that month of November, he said, "Well, let's get together with these people and get some proposals."

Mr. Shibley: Mr. Candy, you were at the meeting on November 22nd of the general managers?

Mr. Bullbrook: Twenty-six is the exhibit number.

Mr. Shibley: Candy: Have you got a copy of that?
Is that
~~that~~ that long one that is bent over at the bottom.

Mr. Shibley: Yes, that's the one.

Mr. Candy: that has my name up on the right-hand side?

~~Mr.~~ Mr. McCallum: That's right.

Mr. Candy: It says I was there for a part of it.

Mr. Shibley: It's getting worn. Exhibit 25.

Mr. Candy: It says I was there but all right.

Mr. Deans: You can't remember that distinctly?

Mr. Shibley: You were at that meeting?

Mr. Candy: I guess I was there. It says so.

Mr. Shibley: Yes. And it says towards the bottom, "one competent developer has already indicated a willingness to work within a ~~some~~ framework incorporating some considerable part of the architectural design work which was previously shelved."

Now had that been communicated by Canada Square?

Mr. Candy: No, sir, and that is -- you know, this business of salvaging drawings that keeps coming up and the way it's put there - I mean, I would never have contributed

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M.R.

(Mr. Candy)

to something like that. I know you can't salvage drawings. A design of a building is a copyrighted thing and it's the property of the architect that designed it. You cannot take a set of drawings and give them to some developer and say: "Rehash that and build something else."

It just can't be done. Every time we talk about salvaging, all we are talking about is using a facility. We may have had a loading dock or we may have had a vault or we may have had something and we wanted to take that facility and incorporate that in another building.

This idea of salvaging drawings to me—all the way through ~~and~~ I've listened to this ^{and} just about cringe when I hear somebody say salvage drawings. You just can't take a set of drawings and mess around with them and come up with something else. I mean, it's illegal.

Mr. Shibley: Did you tell this to the meeting of the 22nd of November?

Mr. Candy: Well, I wasn't aware that anybody had said that until this came out. This fellow that wrote this thing I'm sure that ~~he's sure he~~ he retired last week but anyhow ~~he's~~ but I'm sure he's got the wrong impression.

Mr. Shibley: He is not going to wait for the building to be completed.

Mr. Candy: ~~I may have to turn. But I'm sure that~~
~~he was not.~~

H-398 to follow

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PLG

(Mr. ~~Shibley~~ Candy)

I ~~may~~ have to, too, but I am sure he ~~was not~~, didn't understand what he was saying in that thing because I ~~was~~ would never sit through a meeting and agree to anybody salvaging drawings.

Mr. Shibley: Mr. Candy, your answer is of interest because Mr. Sissons placed complete emphasis on that aspect of the matter when he said,

"Yes, Canada Square was to be the developer, to undertake the building in the thinking of the General Managers on November 22, but only if and only because Canada Square was going to salvage part of the ~~main~~ original plans."

Mr. Candy: I ~~am~~ can't speak for Mr. Sissons but certainly in my mind there is no salvage problem. I think this interpretation of ~~the~~ salvage is just twisted around. This interpretation of salvage, as I say, is taking certain items from that thing, ~~and using~~ taking certain facilities. We have got an entirely different shape of building. When you take something out of this you have to work it into that. We need an auditorium; we need a loading dock, we need a vault; these are the kind of things, but you don't salvage plans. That is ~~Mrx~~ unethical; it is illegal and everything else.

Mr. Shibley: Can I take it from your answer that if the developer, the one competent developer that is referred to, ~~was~~ in this exhibit, was Canada Square, and it was intended by the General Managers that this one developer construct your new head office building, without the complicating process of soliciting competitive tenders, that recommendation of the general managers had nothing to do with salvaging the plans?

Mr. Candy: Well, certainly in my opinion it didn't.

Mr. Shibley: In your opinion it did not?

Mr. Candy: It did not. I think ~~it~~ it is the interpretation of salvaging plans, ~~whether~~ ^{and} what they were thinking about ~~was~~ ⁱⁿ salvaging plans. My idea of salvaging anything is using facilities, facilities that we had already agreed with, things that we felt that we had to have, that we ~~worked~~ had worked out

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PLG

(Mr. Candy)

before, like our Bond and Cash Department, ^{we} had gone into a lot of work. Our medical suite ^{and} we said we wanted seven two-piece washrooms and so on, things like this that were worked out before ^{and} that we wanted to incorporate again.

Mr. Shibley: Mr. Candy, have we then gone one step further, in terms of your ^{finance} ~~average~~, that as of November 22, the staff at the managerial level of Hydro had decided that Canada Square should build this building, period?

Mr. Candy: That certainly wasn't my thinking and not my understanding.

Mr. R.G. Hodgson: Mr. ~~Candy~~ Shibley, perhaps if Mr. Candy had Exhibit 25 ~~see~~,

Mr. Shibley: Yes. Thank you.

Mr. G. Hodgson: Do you agree with the wording in that fourth paragraph?

Mr. ~~Shibley~~ Candy: No, I think that ^{by} the person ~~me~~ who wrote this, is a misinterpretation ^{It says} ~~o..~~.

"One competent developer has already ^{indicated} a willingness to work within a ~~2m~~ framework incorporating some considerable part of the architectural design ^{work}."


Mr. Shibley: No, Mr. Candy, I don't know that you are looking at the right document. I ask that you look at what is ~~Exhibit~~ Exhibit 26, dated November 25, 1971, styled, "Notes Re Logistics of Head Office Project." Have you got that in front of you? Particularly on page 2 of that document, the second paragraph;

"You ^{see} On all these grounds it appears as though ^{that} ~~the~~ best ~~long~~ interest would be served if we find the right type of lease-~~back~~ back partner. "

And later on it goes on:

"Having to select the developer in whom we have complete confidence, to support this decision by the fact that we have received so favourable a rate of financing from him..."

Tape H 399 follows



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(Mr. Shibley)

~~in whom we have complete confidence, to support this decision by the fact that we have received so favourable a rate of financing from him~~ and so favourable an end rental that we chose him to participate with the original architects in the redesign and the construction of the building. As we have had a number of prominent developers asking to be allowed to participate, I think we should talk to them in general terms about financing, probable rental and other pertinent factors. We are initially favourably impressed with the result achieved at OISE" ~~BY THE DEVELOPER~~

And so on. And Mr. Hodgson has suggested I bring this document to your attention. I think it is now acknowledged by previous witnesses that the developer to which ^{REFERENCE} is being made here was Canada Square. Do you agree with that?

Mr. Candy: Well, you are asking me to agree with a document that somebody wrote and which I have never seen, and never had.

Mr. Shibley: Mr. Sissons wrote this, and you heard his evidence.

Mr. Candy: You are asking whether I agree with that position at that time?

Mr. Shibley: Yes. It is clear that the developer that was in Mr. Sissons' mind at this time was Canada Square. I want to know whether you agreed ~~with him~~ at that time with the conclusions outlined in page 2?

Mr. McCallum: ~~Yes~~ I am wondering if I might be of some assistance with that memo. My understanding of the evidence of Mr. Sissons was ^{that} he predicated it all on the proposition enunciated in the last line of paragraph number 6 which says "we

"must salvage from these the fullest possible redesign value".

And this man appears to be saying that he thinks that is not possible in any event. It wouldn't seem to me to be possible for him then to agree with the conclusions because they just didn't start on the same railway track. I wonder if that is not the case in the light of the question. I think this is a basic disagreement about whether there can be any salvage at all.

H-399-2

(Mr. McCallum)

My understanding is this man ^{IS MAKING IT CLEAR; ~~he~~ he} ~~says~~ says "No, I don't think we can do so^{it}."

Mr. Shibley: Mr. Sissons was at the meeting of November 22 also, was he not, Mr. Candy?

Mr. Candy: Yes.

Mr. Shibley: And I am taking it that these notes on logistics were intended for the eyes of the chairman because ~~at~~ at the upper lefthand, it is ^{DIRECTED} ~~directed~~ to him, "Mr. Gathercole. As discussed we stand ready for a meeting". And I take it that this was a memorandum intending to incorporate the conclusions arrived at at the general managers' meeting of October 22 at which both you and Mr. Sissons were in attendance?

Mr. Renwick: November 22.

Mr. Shibley: November 22. Isn't that so?

Mr. Candy: Well this logistics; this is the 25th and the other one is the 22nd. You are saying that that is as a result of the 22nd?

Mr. Shibley: Yes.

Mr. Candy: ~~I'm~~ sorry. I just can't help you on that one, Mr. Shibley. I haven't seen this memorandum before. I know it came up, ~~and~~ and I know you questioned Mr. Sissons on it, but I think it would be unfair if I were to comment on it. ~~I don't~~ And I'm not trying to be unhelpful in this thing, but I will say one thing, that by November 25 that we were, and I particularly, was, becoming pretty impressed with Canada Square. I'll go that far and say that we were.

Mr. Shibley: Mr. Candy. Are you telling me that you had never seen exhibit 26, Notes re Logistics, until these proceedings got under way?

Mr. Candy: As far as I know, I have never seen them.

Mr. Shibley: I see. Now, Mr. Candy, just to complete the picture within this month of November, while we are on it. I note from your diary that you ~~made an office visit. I'm sorry. You~~ visited Mr. Moog at his office on November 26, 1971.

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CA

H-399-3

Mr. Candy: Yes.

Mr. Shibley: What was the purpose of that visit?

Mr. Candy: I think that as far as I am concerned the purpose of that visit was to provide him with the information...

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M.S.

(Mr. Candy)

~~as I am concerned, the purpose of this trial was to provide him with the information~~ Can you hear me well enough? ~~was to provide him with the information necessary, in order to put in a proposal on this new building. This is when we were starting in to talk to all these people. I think that's probably why I~~
went up there on the 26th. We had ^{made} a decision earlier than that, ~~you know,~~ that we would abandon these drawings and that we would go for a new proposal, ~~and~~ we would not finance it ourselves. ~~And~~ it was just around that time. ~~And~~ I think that that's probably ~~why~~ what I went up there for.

Mr. Bullbrook: Could you clarify *that*?

Mr. Shibley: ~~Mr. Candy,~~ Mr. Candy, it appears that Exhibit 26 was received in the office of the chairman on November 26, ~~and~~ according to the receipt stamp put on the upper right-hand corner of that exhibit. Do you see that?

1 Mr. Candy: Yes.

Mr. Shibley: So, he got the notes on logistics on November 26 and on the same day you went to see Mr. Moog. Is there any connection between the two?

Mr. Candy: I really don't think ^{no} there's no connection with that, Mr. Shibley. I never knew ~~that~~

Mr. Shibley: Did you receive instructions from anyone to go to see Mr. Moog on the 26th?

Mr. Candy: Well, it was around that time that we were starting in earnest to go and talk to these developers.

Mr. Shibley: Mr. Candy, I am going to put it very bluntly to you, the Exhibit 26 dated November 26⁵ recommends, according to earlier witnesses, the employment of Canada Square to develop this building for you. Reasons were given for that, but in its essence that's what that document does. And it was received by the chairman on November 26, the date following its preparation, according to the receipt stamp. And on the 26th you went to see Mr. Moog?

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~~(Mr. Shibley)~~

Mr. Candy: Yes.

Mr. Shibley: ~~And~~ what I want to know is whether you went to see Mr. Moog as part of the implementation, or intended implementation of what was outlined in this exhibit.

Mr. Candy: I am sure, Mr. Shibley, that I have never read this. I never knew it existed and there was no connection between that and my visit to Mr. Moog.

Mr. Shibley: All right. Aside from the document itself, were you on your way on November 26 to implement the decisions taken at the general managers' meeting on November 22, outlined in Exhibit 25?

Mr. Candy: No. You mean on the ~~main~~ basis of — that's this one here?

Mr. Shibley: That's right.

Mr. Candy: Which part of that now would you be —

Mr. Shibley: I'm talking about the second last paragraph. There's a skip in the copy I have.

Mr. Candy: You mean: "The time appears opportune to revive this project, in view of employment conditions, the financial climate, and the Commission's urgent need to consolidate its office space."?

Mr. Shibley: No, I'm talking about the paragraph which says — it looks like it's third up from the bottom because of the one-line skip.

Mr. Candy: Yes.

Mr. Shibley: But it's the paragraph wherein it says: "This could be a reasonable justification for proceeding without the complicating process of soliciting competitive tenders, —

Mr. Candy: Yes.

Mr. Shibley: And I want to know whether that recommendation in Exhibit 25 of November 22, as it appears to me

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(Mr. Shibley)

to be outlined in the notes ~~on~~ re logistics of November 25, which were received by the chairman on the 26th, resulted in an instruction to you to attend on Mr. Moog on November 26?

Mr. Candy: No, I would say definitely not.
I don't think there's any connection.

Mr. Shibley: Well, can you help us at all as to your memory of what was said between you and Mr. Moog at your meeting of November 26, 1971? *John*

Tape H 401 follows

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~~(Name)~~
~~you and Mr. Moog~~
Mr. Candy: My only recollection is that around that time was when I asked him, the same as we asked the others later, to make up a proposal for this project.

Mr. Shibley: Mr. Candy, I ~~am~~ am going to stop you right there.

Mr. Candy: Okay.

Mr. Shibley: What you asked the others to do later had nothing to do with the original plan^s, did they?

Mr. Candy: No, when I say to do later, I mean we are at a stage now where we had decided not to go ahead with that building and not to finance it ourselves.

Mr. Shibley: What happened on November 26 to so dramatically change directions from what is in evidence in a documentary way?

Mr. Candy: Well, I think in the meeting that we had with the finance people, with Mr. Banks, where we had decided that we would not finance this thing ourselves.

Mr. Shibley: You say you had a meeting on this, November 26?

Mr. Candy: No, not November 26. It is earlier than that I think, isn't it? Wasn't it November 2 or something when we had a meeting?

Mr. Shibley: Yes, that's right.

Mr. Candy: I think honestly, Mr. Shibley, what you are saying here, as I say, I have no recollection of that document and I am sure that there's no connection between my visit to Canada Square, I think that we were in an area there where we had decided to talk to developers, other developers, other than Canada Square, as well, and that this was part of that process.

Mr. Shibley: Mr. Candy, I am going to produce to you a letter dated February 10, 1972, from yourself to Mr. Moog,

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(Mr. Shibley)

which I ask to be made the next exhibit.

Mr. Chairman: Exhibit number 152.

Mr. Shibley: MR. Candy, is this not the letter wherein you provided in written form the specifications pursuant to which the various developers were to make their proposals?

Mr. Candy: Yes.

Mr. Shibley: And I notice in this letter to Mr. Moog you say: "Attached herewith for your information is a copy of a document I prepared, outlining the requirements and conditions for the proposed Head Office, ^{which have only been} given to you verbally in the past, but which I feel quite sure you are aware of; However, I would appreciate your checking the various items to ensure that we are both thinking along the same lines." Now why were you quite sure that he was aware of what were in these specifications?

Mr. Candy: Well, I felt the same way with all of them. For instance, ^{just} let me deal with this kind of thing for a moment; ~~When~~ When we went out for proposals, this information was given to these people verbally. Now, understandably, there are a lot of items in that thing but the major ~~the~~ items were given to them verbally and nobody complained, nobody came back to complain they didn't have enough information, but anyhow this was given to them verbally.

Mr. Shibley: Just ~~stop~~ stopping there, Mr. Candy, are you telling me, as I understand to be the fact, that almost precisely what is ~~appended~~ ^{ed} appendix to this letter was presented to the various developers verbally in advance of this date? Is that correct?

Mr. Candy: Yes.

Mr. Shibley: What's in the appendix to that letter? You outlined all of that to the various developers, is that ~~correct~~?

(S-402 to follow)

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5:50-5:55pm

C.B.

(Mr. Shibley)

~~in the appendix to that letter you outlined all of that to the various developers. Is that correct?~~

Mr. Candy: No, that is my problem. I couldn't have outlined all of that, ^{of the things made a} actually if I can give you some ~~writings~~ ^{I know} the list today of the ~~writings~~.

Mr. Shibley: Just before we get into detail. I put it — Mr. Candy, will you direct your attention to my question please?

Mr. Candy: ~~Hummm~~ Yes.

Mr. Shibley: I put it to you that there was no way on November 26, 1971, that you would have had anything like these particulars as specifications for your new building to provide ~~@~~ at your meeting with Mr. Moog.

Mr. Candy: Why do you say that, Mr. Shibley?

Mr. Shibley: I gathered ^{from} ~~from~~ Mr. Sison's ^{evidence} ~~evidence~~ that as of November 25 when he did the memorandum he was still talking about salvaging the original plans, and nothing had been done which was directed towards the creation of specifications for a new building.

Mr. Candy: These were not ~~was~~ written or typed at that time.

Mr. Shibley: I understand. ^{But} even providing them verbally, you would not be equipped on November 26 to provide this kind of data to Mr. Moog or anyone else.

Mr. Candy: Well I don't know, Mr. Shibley ~~that's~~ ~~the...~~ I knew most of this information along at that time, and a lot of it, of course, is from our previous building.

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C.B.

Mr. Shibley: When you say at that time, are you talking about November 26?

Mr. Candy: Yes.

Mr. Shibley: You knew a great deal of this information on November 26? I

Mr. Candy: I would say so, yes.

Mr. Shibley: Was that because you were already working towards this kind of an arrangement prior to November 26?

Mr. Candy: No. No. But ~~the~~ other developers were being sent to me.

Mr. Bullbrook: ^{No.} ~~Let's~~ let's get some response to the question.

Mr. Candy: Pardon?

Mr. Bullbrook: Well ~~the~~ I think really we have to clarify, before we get into other developers, this question of Mr. Sissons, still on November 25 talking about salvaging the plan^s and Mr. Candy's evidence that they had, prior to that time, decided to abandon the plans and counsel's question as to what was discussed on November 26. Before we get to other developers.

Mr. Shibley: Oh, I agree with you, Mr.

Bullbrook.

Mr. Bullbrook: We have to get to them. ^{It's} ~~they are~~ too important.

Mr. Shibley: Mr. Candy, I put it to you that on November 26 you hadn't yet reached a point of dealing with specifications submitted to other developers.

Mr. Candy: It is possible, Mr. Shibley, ~~I think~~

Mr. Shibley: That would be wholly inconsistent with what the general managers were saying on November 22,

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C.B.

(Mr. Shibley)

what Mr. Sissons was saying on November 25. The evidence to this point is that the chairman changed the direction of ~~the~~ peoples thinking after he got the notes on logistics on November 26. So your meeting with Mr. Moog on that day could have nothing to do with the new change of direction.

Mr. Candy: I agree that's quite possible.

Mr. Shibley: Now we want to know what you discussed with Mr. Moog on that day. Do you know how that meeting was brought about? Did you ask for the meeting?

~~Mr. Candy: I don't really know Mr. Shibley.~~
~~I just draw a blank I don't know what...~~

H403 to follow

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5.55 - 6.00 p.m.
M.R.

~~Mr. Shibley: Do you know how that meeting was brought about? Did you ask for the meeting?~~

Mr. Candy: I don't really know, Mr. Shibley, honest. I ~~just~~ just draw a ~~blank~~ blank. I don't know what I saw ~~him~~ ^{to him} about what I talked about. I wish I could help you, but I —

Mr. Shibley: Mr. Chairman, it's minutes to six. I'd like an answer to this question, as I'm sure the committee members would, and perhaps Mr. Candy could reflect upon it over night and give us his evidence tomorrow.

Mr. Bullbrook: May I also ask —

Mr. Chairman: Mr. Bullbrook.

Mr. Bullbrook: May I also ask that Mr. Candy reflect on his participation in connection with the general managers' committee meeting, as exhibited by Exhibit 25, because I ~~want~~ ^{wanted} to say that I would infer from the background of the testimony given ~~that~~ thus far that there seems to be almost a direct contradiction as to whether there had been a conclusion that the prior plans could be "salvaged" and I entirely agree with the ~~witness's~~ ^{witnesses'} comments in connection with the legality involved in the word "salvaged".

But I'm really confused, because it seems that this witness is taking the position that there was no attempt to salvage the plan, and I don't think it's just a question of semantics, ~~but~~ ^{that} one would think that these minutes do represent, albeit in a very vague form, a discussion of the general managers as to the intention in connection with the old plans and the thrust in the future.

And one would think that if there was a misunderstanding that Mr. Candy would at least have interjected into it, and his evidence thus far is that he can't recall participating in the meeting at all. I can well understand a lack of recollection but I'd ask that he perhaps try to ~~revive~~ ^{revive} his memory for the assistance of the committee.

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Mr. Candy: I wish I could, Mr. Bullbrook, but I'm certainly not holding anything back.

Mr. Bullbrook: I know. You might be able to revive it.

Mr. Candy: I'll think about it.

Mr. Chairman: You look as though you had some remark to make Mr. Renwick?

Mr. Renwick: No, I'll wait until tomorrow.

Mr. Chairman: We are adjourned until 3 ~~4~~ p.m. tomorrow afternoon.

Mr. ^{Renwick} ~~Renwick~~: 9:30 a.m.

Mr. Chairman: The chairman can't even think one day ahead.

~~Mr. Renwick~~ Until 9:30 tomorrow morning.

The committee adjourned at 6 o'clock, p.m.

INDEX TO EXHIBITS

Exhibit	Page	Description
147.	388-2	Letter - August 10, 1971 - From K. H. Candy to J. Moog, Canada Square Corp. Ltd. re Proposed Head Office Building
148.	392-3	Letter - August 31, 1972 - From K. H. Candy to J. Moog re Proposed Head Office Building
149.	393-1	Letter - November 9, 1971 - From K.H. Candy to J. Moog re Job Creation of Proposed Head Office Building
150.	395-2	Memo - November 23, 1971 - From J.L. Witbeck to K.H. Candy re Requirements for Proposed Head Office Building
151.	396-2	Memo - November 24, 1971 - From K. H. Candy to J.L. Witbeck Re Requirements for Proposed Head Office Building
152	401-2	Memo - February 10, 1972 - From K. H. Candy to J. Moog, Canada Square Corp. Ltd. re Requirements for Proposed Head Office Building.



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